

**SERVICE QUALITY IN A LANDLORD-SMALL BUSINESS RELATIONSHIP  
IN SHOPPING CENTRES**

by

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## DECLARATION

I declare that the thesis,

“SERVICE QUALITY IN A LANDLORD-SMALL BUSINESS RELATIONSHIP IN  
SHOPPING CENTRES”,

is my own work, that all the sources used or quoted have been indicated and acknowledged by means of complete references, and that this thesis was not previously submitted by me for a degree at another university.

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CORNELIA PETRONELLA JOHANNA HARMSE

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*Dedicated to my parents, Jan and Lenie Labuschagne. Wish I could have shared this with you.*

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## SUMMARY

### SERVICE QUALITY IN A LANDLORD-SMALL BUSINESS RELATIONSHIP IN SHOPPING CENTRES

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The service sector in the world economy is growing and becomes increasingly important. It is widely recognised that the success and vitality of the service sector are the essential factors in measuring an economy's progress, its quality and its future. Improving service quality is therefore considered an essential strategy for success and survival in today's competitive economic environment. Small businesses are equally important for a country's economy. They play an important role in the economic and social development of countries. The correct location for small businesses can contribute to their success and, many consider shopping centres as a good location for their businesses. The landlords however, have a huge impact on small business tenants' success in shopping centres. Although landlords of shopping centres realise the importance of accommodating small independent businesses in their centres, it is argued that they are at a competitive disadvantage regarding the service they receive in comparison with that of bigger anchor tenants. There are several research studies on the measurement of service quality in several service sectors, but none has addressed the quality of service rendered by landlords of shopping centres to their small business tenants.

The purpose of this study is to measure the perceived service quality that small business tenants in shopping centres receive from landlords. The study will also determine whether

the existing SERVPERF and FAIRSERV service quality models will be suitable to measure the service quality that landlords render to small business tenants.

The findings of the empirical study have revealed that small business tenants in shopping centres are in general dissatisfied with the service that they receive from their landlords. Factor analysis was done to determine the factors or dimensions of service quality that small business tenants deemed as important. From this study it became clear that small business tenants in shopping centres are concerned about mainly two aspects of the service they receive from landlords, namely intangible aspects as well as marketing and tangible aspects. This study has therefore proved that the five dimensions of SERVPERF and the one dimension of FAIRSERV cannot be applied directly to measure the perceived service quality that small business tenants receive from their landlords. The One Way Analysis of Variance (ANOVA) was also executed to illustrate statistical differences between various variables.

The contribution of this study to the science, as well as its possible limitations and areas for future research, is also discussed. This study further shows that, although small business tenants are dissatisfied with the service they receive from landlords, they have indicated that they will stay on as tenants in the centres. The reason for this is that it is simply too expensive for them to move to another location and also because shopping centres are good locations for their businesses.

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## CHAPTER 1

### BACKGROUND AND DEFINITION OF THE STUDY

#### 1.1 INTRODUCTION

Size does count. This is how many small businesses feel if they are tenants in shopping centres. They come up against landlords that favour bigger, well-known retailers, mainly for economic reasons (Damien, Curto & Pinto, 2011:457; Ibrahim & Galven, 2007:240; Levy & Weitz, 2009:200). As a result, the perception is that the service quality that small business tenants receive from their landlords leaves a lot to be desired.

Although landlords of shopping centres realise the importance of accommodating small independent businesses in their centres, it is still argued today that, they are at a competitive disadvantage regarding several issues. In the early 1970s Kinnard and Messner (1972:21) reported that since at least 1960, there has been documentary evidence in support of the claim that small retailers in shopping centres are discriminated against when it comes to prime retail locations in shopping centres. This is still the case today and, several other areas of poor service delivery by landlords, especially where small business owners feel that they are being victimised and bullied, are mentioned in the literature (Barrios, 2007; Carswell, 2008; Cockram, 2002:43; Nieman, 2000:12; Roberts *et al.*, 2010:599).

The services sector in the world economy is growing and becomes increasingly important and, the world is in effect becoming characterised by services (Akehurst, 2008:1; Bitner & Brown, 2008:39; Chase & Apte, 2007:375; Godlevskaja, Van Iwaarden & Van der Wiele, 2011:62; Hollensen, 2010:393; Johnstone, Dainty & Wilkinson, 2009:521; Kasper, Van Helsdingen & Gabbott, 2006:7; Ostrom, Bitner, Brown, Burkhard, Goul, Smith, Daniels, Demirkan & Rabinovich, 2010:4; Wilson, Zeithaml, Bitner & Gremler, 2008:8). It is widely recognised that the success and vitality of the services sector are the essential factors in

measuring an economy's progress, its quality and its future (Lee, Ribeiro, Olson & Roig, 2007:2). Lovelock (in Kueh & Voon, 2007:656) argues that, as countries become more developed and income levels rise, the observable trend, called the "hollowing out effect", is that the emphasis of economic activity shifts from the agricultural and manufacturing sectors to services. The most advanced economies in the world are dominated by services, with many having more than 70 percent of their gross domestic product (GDP) generated by services (Carrilat, Jaramillo & Mulki, 2009:95; Kotler & Armstrong, 2010:268; Ostrom *et al.*, 2010:4; Talib & Rahman, 2010:364; Wilson *et al.*, 2008:8; Young, 2008:3).

In South Africa, as a developing country, the services sector also makes up the majority of the GDP and of the labour force (Table 1.1).

**Table1.1: The service sector in South Africa**

GDP (2010 estimate)			LABOUR FORCE (2007 estimate)		
Service	Industry	Agriculture	Service	Industry	Agriculture
65,8 %	31,2 %	3 %	65 %	26 %	9 %

Source: Central Intelligence Agency, (2010).

In order for entering and surviving highly competitive domestic and global service markets in the 21<sup>st</sup> century, it is therefore essential to respond to customer demands for improved service quality (Bitner & Brown, 2008:40; Carrilat *et al.*, 2009:105; Milakovich, 2006:ix; Prajogo & McDermott, 2011:466; Tontini & Picolo, 2010:581). Improving service quality is therefore considered an essential strategy for success and survival in today's competitive economic environment. It is evident from the literature that the provision of high service quality enables a company to be competitive and contributes to their productivity and profitability. It increases cash flows and shareholder value, gives businesses a better chance of success, enhances customer satisfaction, increases the willingness of customers to positively talk about the service provider, decreases customer defection and enhances customer loyalty (Bateson & Hoffman, 2011:326; Baumann, Burton, Elliot & Kehr, 2007; Chen, Tsou & Huang, 2009:49; Ehigie, 2006; Kassim & Souiden, 2007; Kelkar, 2010:421; Kersten & Koch, 2010:196; Lee *et al.*, 2007:2; Madhavaram & Hunt,



2008: 67; Talib & Rahman, 2010:363; Von Freymann & Cuffe, 2010:406, Wiles, 2007:27; Yoo & Park, 2007:920).

The benefits of high service quality also goes beyond economic indicators and have a positive social outcome as well, in that these benefits improve communities' quality of life (Dagger & Sweeney, 2006:12; Lee *et al.*, 2007:2; Young, 2008:4). This continued growth in the service sector also makes it the only sector where new employment was created over the past two decades on a worldwide scale (Evans & Lindsay, 2008:58; Lee *et al.*, 2007:2; Olorunniwo, Hsu & Udo, 2006:59).

Like many businesses, landlords as property managers are also being subjected to increased competitive pressures of the changing business and economic environment. There are, for instance, numerous reports that the shopping centre traffic and sales have been declining in the United States of America (USA) and limited resources are being spent on new shopping centre development. Since the mid-1990s, at least 300 older shopping centres in the USA, each with one or two anchor stores, have shut down (Levy & Weitz, 2009:202). Only five new shopping centres opened per year between 2000 and 2005 and, since 2006, no new enclosed regional mall has opened in the USA (Bodamer, 2011). Although the worldwide economic recession did not affect South Africa equally hard, this scenario in the USA should be reason for concern for South African landlords of shopping centres. Landlords should realise that all their tenants should be treated as valued customers and that it is very important that their needs should be met (Pinder, Price, Wilkinson & Demack, 2003:218). The issue of service quality is therefore of particular interest to them.

The purpose of this study is to determine what the perceived service quality is that small business tenants receive from landlords in shopping centres.

This chapter provides the background and literature review of the study. The problem statement, objectives, methodology and design of the study as well as the outline of Chapters 2 to 7 is set out in this chapter. This is done as a guide to the flow of this study.

## **1.2 BACKGROUND AND IMPORTANCE OF THE STUDY**

This study focuses on the measuring of the perceived service quality that small business tenants receive from landlords in shopping centres. Service quality has been the topic of many research studies during the last three decades. Of particular interest is the issue of service quality measurement. This aspect (service quality measurement), is of particular interest for this study because the purpose of the study is to measure the service quality that small business tenants in shopping centres receive from their landlords. Review of the literature indicates that there are several models available to measure service quality. It is imperative that the correct model is used to measure the service quality that small business tenants receive from their landlords.

By far the most popular and most often used model is the SERVQUAL model as proposed by Parasuraman, Zeithaml and Berry (1988). SERVQUAL was proposed by Parasuraman *et al.* (1988) as a multiple item scale for measuring customer perceptions of service quality. During 1985 they identified ten components of service quality, namely, reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding/knowing the customer and tangibles. After further research by them, the original ten dimensions were reduced to five, these consisting of three original dimensions and two combined dimensions. These five dimensions were tangibles, reliability, responsiveness, assurance and empathy. The measurement scale developed included a 22-item scale termed SERVQUAL that evaluated service quality on the five service quality dimensions by, comparing customer's expectations and perceptions.

Since its inception, SERVQUAL has been used to measure perceived service quality of customers in a variety of service industries. Although several of these researchers have modified the SERVQUAL dimensions to fit their research purposes and the specific service industry they have conducted the study in, numerous recent empirical studies have applied this instrument/modification of it successfully in a variety of industries. These include studies in healthcare services (Arasli, Ekiz & Katirciogly, 2008; Chaniotakis & Lympelopoulos, 2009; Dagger, Sweeney & Johnson, 2007; Etgar & Fuchs, 2009; Lin, Sheu, Pai, Bair, Hung, Yeh & Chou, 2009; Ramsaran-Fowdar, 2008; Rashid & Jusoff, 2009; Rohini & Mahadevappa, 2006; Vinagre & Neves, 2008; Wicks & Chin, 2008), non profit organisations (Haley & Grant, 2011), mobile communication services (Kung, Yan & Lai, 2009; Lai, Hutchinson, Li & Bai, 2007; Negi, 2009; Rahman, 2006), the fast food

industry (Bougoure & Neu, 2010), the public service sector (Agus, Barker & Kandampully, 2007), the banking sector (Kumar, Kee & Charles, 2010; Kumar, Kee & Manshor, 2009; Nadiri, Kandampully & Hussain, 2009; Petridou, Spathis, Glaveli & Liassides, 2007), the restaurant industry (Kueh & Voon, 2007), the hotel industry (Ramsaran-Fodar, 2007), the computer software industry (Dos Santos, De Oliveira & Da Silva, 2009), the information technology industry (Roses, Hoppen & Henrique, 2009), higher education (Chatterjee, Ghosh & Bandyopadhyay, 2009), professional sports (Robinson & Barlas, 2009; Theodorakis, Alexandris & Ko, 2011), the automobile service sector (Saravanan & Rao, 2007), call centres (Ramseook-Munhurrun, Naidoo & Lukea-Bhiwajee, 2009), the tourism industry (Kvist & Klefsjö, 2006), the insurance industry (Tsoukatos & Rand, 2006) and the airline industry (Chau & Kao, 2009).

Since its inception, SERVQUAL was however, not without its fair share of criticism. A major criticism is the problem of measuring expectations (Carman, 1990; Cronin & Taylor, 1992; Gilmore & McMullan, 2009:645; McDougal & Levesque, 1994). Some researchers (Juga, Juntunen & Grant, 2010; Ladhari, 2009a; McDougal & Levesque, 1994) for instance, think that measuring expectations is unnecessary and that measuring perceptions of outcomes should suffice. Grönroos (in Wilson *et al.*, 2008:133) suggests three problems when measuring comparisons between expectations and experiences over a number of attributes. These problems are:

- If expectations are measured after the service experience has taken place, which frequently happens for practical reasons, then what is measured is not really expectation but something that has been influenced by the service experience.
- It may not make sense to measure expectations prior to the service experience either, because the expectations that existed before a service is delivered may not be the same as the factors that a person experiences when evaluating their experiences.
- A customer's view of their experience in a service encounter is influenced by their prior expectations. Consequently, if expectations are measured and then experiences are measured, then the measures are not independent of each other and, the expectations are actually being measured twice.

The pairs of statements in the SERVQUAL questionnaire, designed to capture responses on both expectations and perceptions, make the questionnaire relatively complicated. There is subjective evidence in a study by Wisniewski (2001:386), where he uses SERVQUAL to assess customer satisfaction with public sector services, and some customers were discouraged from completing the questionnaire because of its apparent length and complexity.

Ladhari (2009a) found the five dimensions of SERVQUAL to be useful and applicable to the Canadian banking industry, but decided that measuring clients' expectations of service quality is not useful and therefore only measured the perceptions of service quality in his study. Likewise, Theodorakis, Kambitis, Laios and Koustelios (2001) developed the SPORTSERV scale (a modified SERVQUAL scale) to assess only the perceptions of service quality amongst sport spectators but not their expectations. Etgar and Fuchs (2009) also only measure service quality perceptions in their study in the healthcare services. Other recent studies where only perceptions of service quality were measured, is that of Andaleeb and Conway (2006), Jain and Gupta (2004), Olorunniwo *et al.* (2006) and Qin, Prybutok and Zhao (2010).

Another general critique is that the dimensions used in the SERVQUAL instrument are not appropriate for all service offerings and need to be contextualised to reflect different service activities (Babakus & Boller, 1992; Carman, 1990). In recent research studies, Kumar *et al.* (2010) and Lai *et al.* (2007) added one dimension (convenience) to the original five dimensions. Kumar *et al.* (2009) only kept two original dimensions (tangibility and reliability) and added competence and convenience in their study of service quality in banks. Saravanan and Rao (2007) made use of six dimensions of which only one (tangibles) was retained. Ramsaran-Fodar (2007) and Negi (2009) found the five original dimensions useful but, added another two to their studies. From SERVQUAL's inception however, Parasuraman *et al.* (1988:31) have indicated that it may be necessary to add or delete dimensions from the SERVQUAL scale to suit particular service industries. They do however believe that the original dimensions provide a valuable starting point for the development of an appropriate tool.

One of the better known alternatives to SERVQUAL is the SERVPERF instrument, (Cronin and Taylor, 1992) that measures experiences only and does not ask respondents about expectations. As a result, SERVPERF uses only the perceptions part of the SERVQUAL scale. They argue that service quality is better predicted by perceptions of actual service received only, and not as the difference between perceptions and expectations as suggested by Parasuraman *et al.* (1988). Experiences are measured over a range of attributes that were developed to describe the service as conclusively as possible. Although Cronin and Taylor (1992) do not disagree with the definitions of service quality that is regarded as the difference between expectations and the perceptions of customers, they do differ in the way the perceptions of such services are measured. They maintain that performance, instead of “performance-expectation” determines service quality and further, they reason that customer expectations are built into the performance and thus it is not necessary to measure it separately (Kelkar, 2010:424).

Carrillat *et al.* (2007:473) state that both SERVQUAL and SERVPERF received an equal amount of citations during the last several years. Nevertheless, although SERVPERF gained popularity, it has not reduced SERVQUAL’s usage among researchers. In their study Carrillat *et al.* (2007:485) found that both SERVQUAL and SERVPERF scales are adequate and equally valid predictors of overall service quality, although they do admit that the SERVQUAL scale would have greater interest for practitioners. Andronikidis and Bellou (2010:579) found that SERVPERF is both theoretically and empirically superior to SERVQUAL. Jain and Gupta (2004) concur with this finding. In their study in the fast food restaurant industry in India, they found that SERVPERF is capable of providing a more convergent and discriminant valid explanation of the service quality construct. They also found that it is the most economical measure of service quality and, is capable of explaining a greater proportion of variance present in the overall service quality measured through a single scale (Jain & Gupta, 2004:34). They also agree with Carrillat *et al.* (2007:485) that SERVQUAL possesses superior diagnostic power to pinpoint areas for managerial intervention. Pérez, Abad, Carrillo and Fernández (2007) have adapted the SERVPERF scale to the context of public transport and, demonstrated that their dimensions of SERVPERF (four original dimensions and one new one) were suitable for their study. Several other researchers have also preferred the SERVPERF scale in a variety of studies, namely Andaleeb and Conway (2006) in the restaurant industry,

Olorunniwo *et al.* (2006) in the service factory and Qin *et al.* (2010) in the fast food restaurant industry. On the other hand, critics of this model state that SERVPERF is much more industry-specific, thus posing limitations on its application in a wide variety of service industries (Bahnan, Coleman & Kelkar, 2007; Cunningham, Young & Lee, 2004). Although SERVPERF has not reached the same level of popularity that exists for SERVQUAL, it has been proven to be a reliable instrument for the measuring of perceptions of service quality. It is especially appealing for this research study because it is easier to administer, easier to analyse the data and is more economical.

Another model that is important to mention and is applicable for this research study is the FAIRSERV model of Carr (2007). Carr (2007:108) feels that an important deficiency of SERVQUAL and SERVPERF is that it does not include equity theory as the basis for any of its scales, even if it is clear from previous experience that equity (fairness) is often evaluated in service encounters. According to Carr (2007:108), service customers are concerned with getting what they deserve in relation to other customers of the same service. Customers will therefore not only evaluate the quality of the service encounter, but also the equity thereof. FAIRSERV posits that an important set of service evaluations results from a comparison of services against norms of fairness and the treatment of similar customers (Carr, 2007:108). Service customers also want the procedures used, the distribution of service resources to be unbiased and consistently applied and, not unduly favouring any one person or group.

FAIRSERV is proposed by Carr (2007) as an addition to the SERVQUAL/SERVPERF conceptualisation of customer reactions to services. Carr's (2007) model posits that one essential perspective governing customer reactions to services is an evaluation of the fairness of the service outcomes, procedures and interactions. According to Carr (2007:110), customers therefore do not only evaluate services against the five SERVQUAL/SERVPERF dimensions (tangibles, reliability, responsiveness, assurance and empathy), but also through comparisons with multidimensional norms of fairness (distributive, procedural, interpersonal, informational and systemic fairness). Customers will base their comparisons in context to their knowledge of how others were actually treated by the service providers and through counterfactual reasoning based upon a mental simulation of how similarly others probably would, could and should be treated by

their service providers. Although a customer may feel that the service was of high quality, he/she may feel cheated if the service is compared with what another customer may have received. This will affect satisfaction with the service received (Carr, 2007:110).

FAIRSERV, as a whole, may not be suitable for this study, due to its focus on satisfaction and repatronage intentions. It would most probably be important to pay attention to the fairness dimensions because, small business tenants in shopping centres often experience perceived unfairness when it comes to the treatment and services provided by the landlords to them as compared to those received by bigger anchor tenants.

### **1.3 LITERATURE REVIEW**

As this *ex post facto* study probes the service quality that small business tenants receive from landlords in shopping centres, the focus of the literature review is on the service quality that landlords in shopping centres render to their small business tenants. This necessitates an understanding of services and quality in general, the service quality, the different models of measuring service quality and the relationship between landlords and small business tenants in shopping centres.

The literature review on these focus areas will assist the researcher to gain a better insight into the research problem. It will evaluate various models for the measuring of service quality. It will entail a review of existing published research for South Africa and the rest of the developed and the developing world. The information acquired will also assist in compiling the research questionnaire.

To proceed, the literature review assists in determining the understanding of the concepts “services and quality”, “service quality” and “small business tenants in shopping centres”. Although these constructs are discussed in detail in the body of the thesis (Chapters 2 - 4), it is important from the onset to understand a brief understanding of these concepts in context and in relationship with each other. It is firstly necessary to distinguish between the concepts of service quality and customer satisfaction. Traditionally, service quality and customer satisfaction were viewed as equivalent constructs but, today there is some

degree of consensus among scholars that they are indeed distinct (Al-Hawari & Ward, 2006:131; Anandanatarajan, Sritharan & Kumar, 2006:87; Bateson & Hoffman, 2011:325; Berry, Parasaburaman & Zeithaml, 1988; Fisk, Grove & John, 2008; Homburg, Koschate & Hoyer, 2006; Kasper *et al.*, 2006:182; Parasuraman, Zeithaml & Berry, 1994).

Perceived service quality is defined by Parasuraman *et al.* (1988:16) as a global judgement, or attitude, relating to the superiority of the service and, by Zeithaml (1988:3) as the customer's assessment of the overall excellence or superiority of the service. Customer satisfaction is defined as the comparison between customer expectations and perceptions regarding the actual service encounter (Bateson & Hoffman, 2011:295; Kasper *et al.*, 2006:105). Both of the definitions are based on the so-called "disconfirmation approach". It has however, been suggested that customer satisfaction is a far broader concept than service quality and, there is empirical evidence that perceived service quality leads to satisfaction (Al-Hawari & Ward, 2006:140; Cristobal, Flavián & Guinalú, 2007:332; Dabholkar & Overby, 2005:23; Dagger & Sweeney, 2006:6; Fisk *et al.*, 2008:155).

The concept of a service has changed considerably during the last thirty years. The most recent belief is that there is an important interdependence between goods and services where, some services may require physical goods to support and facilitate the delivery system and, some physical goods may have intangible aspects. There is a lively debate in the literature about the differences between goods and services, but several scholars like Akehurst (2008), Araujo and Spring (2006), Vargo and Lusch (2004b) and Ward and Graves (2007) are of the opinion that the differences between goods and services became increasingly blurred. They regard it as out of date, unproductive, distracting and irrelevant. In the early seventies Levitt (1972) insisted that there are no such things as service industries, only industries whose service components are greater or less than those other industries. Today, Vargo and Lusch (2004a:5) emphasise the importance of service businesses by, maintaining that services becomes the unifying purpose of any business relationship – a service-dominant, rather than a goods-dominant environment.

Grönroos (1984) was amongst the first scholars that called for conceptual models of service quality in order to understand the concept of service quality better. Several



industry-specific scales and models of service quality have been published in the literature during the past 15 years. These models are discussed in more detail in Chapter 3.

Small businesses are very important for a country's economy. They play an important role in the economic and social development of countries (Craig, Jackson & Thomson, 2007:117; Crosby *et al.*, 2006:164; Nieman & Niewenhuizen, 2009:12; Wickham, 2006:39). The correct location for small businesses can contribute to their success and, many consider shopping centres as a good location for their businesses. The landlords however, have a huge impact on small business tenants' success in shopping centres. A shopping centre can be defined as "a group of retail and other commercial establishments that is planned, developed, owned and managed as a single property, with on-site parking provided" (Berman & Evans, 2010:280; Goedken, 2006:80; Levy & Weitz, 2009:199; Pitt & Musa, 2009:40). The types of shopping centres from a South African perspective are small free standing and convenience centres, neighbourhood centres, community centres, small regional shopping centres, regional centres, super regional centres, lifestyle centres and strip centres.

These centres are built by developers and are sold to the institutional investment community. The main focus is therefore, for investors to maximise profit by leasing out space in these shopping centres. It is, however, also the responsibility of the owners (landlords) to ensure the success of shopping centres by managing the facilities and tenant mix. The most important factor to ensure the success of shopping centres, is the managing of the tenant mix. Tenant mix refers to "having a variety of stores that work well together to enhance the performance of the entire centre, as well as performing successfully as individual businesses" (Greenspan, 1987:29). The tenants in shopping centres can be categorised into traffic attractors (anchor tenants) and traffic users (smaller independent tenants) (Konishi & Sandfort, 2003:413; Levy & Weitz, 2009:200; Mirel, 2008:29; Pitt & Musa, 2009:44). Landlords are well aware of the fact that the realisation of a maximum return on their investment requires the presence of a major anchor tenant. For this reason, landlords often favour these stores and, small business tenants have to pay a much higher leasing fee than these anchors. For the success of the shopping centre and the individual tenants, it is important that there is a good relationship between the landlord and the tenants.

## 1.4 THE RESEARCH PROBLEM

From the background of the study, it is clear that small business tenants in shopping centres experience difficulties regarding several issues relating to the service quality they receive from their landlords. The literature study deals with these difficulties and service quality in general. The research problem deals with the measurement of service quality in the landlord-small business tenant relationship in shopping centres and, the decision whether the five service quality dimensions of SERVPERF and the one dimension of FAIRSERV as service quality measurement instruments can be used to do this. While the research problem is discussed in more detail in Chapter 5, the study sought to address the following research questions:

- Are small business tenants in shopping centres generally satisfied with the quality of service they receive from landlords?
- Are the combined SERVPERF and FAIRSERV service quality models, in its original form, suitable for measuring the perceived service quality that small business tenants in shopping centres receive from their landlords?
- Are there any significant differences regarding the perception of service quality provided by landlords to small business tenants depending on their position in the business?
- Are there any significant differences regarding the perception of service quality received between small business tenants who have been a tenant in the centre for a short time and those who have been a tenant for long?
- Are there any significant differences regarding the perceived service quality received between small business tenants who have been a tenant in other shopping centres before and those who have never been a tenant in other shopping centres before?
- Are there any significant differences regarding the perceived service quality received between small business tenants who had no or little business experience prior to leasing in the shopping centre and those who had business experience?
- Are there any significant differences regarding the perception of service quality received by small business tenants, between landlords of different types of shopping centres in Pretoria?

## **1.5 PURPOSE OF THE STUDY**

The purpose of this study is to investigate whether small businesses in shopping centres are satisfied with the service quality they receive from landlords and, to determine whether the combined SERVPERF and FAIRSERV model of service quality, in its original form, will be suitable to measure the service quality in a landlord-small business relationship in shopping centres.

## **1.6 RESEARCH OBJECTIVES**

The primary and secondary objectives are presented here to illustrate and guide the direction of the research.

### **1.6.1 Primary objective**

The primary objective of the study is to measure the perceived service quality that small business tenants in shopping centres receive from landlords.

### **1.6.2 Secondary objectives**

The secondary objectives of the study are to:

- Determine whether the combined SERVPERF and FAIRSERV model of service quality, in its original form, will be suitable to measure the perceived service quality that small business tenants in shopping centres receive from landlords.
- Determine whether there are any significant differences regarding the perceived service quality provided by landlords to small business tenants depending on their position in the business.
- Determine whether there are any significant differences regarding the perception of service quality received between small business tenants who have been in the centre for a short time and those who have been in the centre for long.

- Determine whether there are any significant differences regarding the perceived service quality received between small business tenants who have been a tenant in other shopping centres before and those who have never been a tenant in other shopping centres before.
- Determine whether there are any significant differences regarding the perceived service quality received between small business tenants who had no or little business experience prior to leasing in the shopping centre and those who had business experience.
- Determine whether there are any significant differences regarding the perception of service quality received by small business tenants, between landlords of different types of shopping centres in Pretoria.

## 1.7 HYPOTHESES

From the research objectives, the following hypotheses were formulated:

- **H1o (Null hypothesis):** Small business tenants in shopping centres are in general not satisfied with the service quality that they receive from landlords.
- **H1a (Alternative hypothesis):** Small business tenants in shopping centres are in general satisfied with the service quality that they receive from landlords.
- **H2o:** The combined SERVPERF and FAIRSERV models of service quality, in its original form, will not be suitable to measure the perceived service quality that small business tenants in shopping centres receive from their landlords.
- **H2a:** The combined SERVPERF and FAIRSERV models of service quality, in its original form, will be reliable to measure the perceived service quality that small business tenants in shopping centres receive from their landlords.
- **H3o:** There are significant differences regarding the perceived service quality that small business tenants have of the landlords' service to them, irrespective of what the position of the respondent in the business is.

- **H3a:** There are no significant differences regarding the perceived service quality that small business tenants have of the landlords' service to them, irrespective of what the position of the respondent in the business is.
- **H4o:** There are no significant differences regarding the perception of service quality received between small business tenants who have been a tenant in the centre for a short time and those who have been a tenant for long.
- **H4a:** There are significant differences regarding the perception of service quality received between small business tenants who have been a tenant in the centre for a short time and those who have been in the centre for long.
- **H5o:** There are no significant differences regarding the perceived service quality received between small business tenants who have been a tenant in other shopping centres before and those who have never been a tenant in other shopping centres before.
- **H5a:** There are significant differences regarding the perceived service quality received between small business tenants who have been a tenant in other shopping centres before and those who have never been a tenant in other shopping centres before.
- **H6o:** There are no significant differences regarding the perceived service quality received between small business tenants who had no or little business experience prior to leasing in the shopping centre and those who had business experience.
- **H6a:** There are significant differences regarding the perceived service quality received between small business tenants who had no or little business experience prior to leasing in the shopping centre and those who had business experience.
- **H7o:** There are no significant differences, regarding the perception of service quality of small business tenants between landlords of different types of shopping centres in Pretoria.

- **H7a:** There are significant differences regarding the perception of service quality of small business tenants between landlords of different types of shopping centres in Pretoria.

## **1.8 RESEARCH METHODOLOGY**

The study consists of a literature review and an empirical study. The literature review aims to review the background of service quality, the available measuring models of service quality and the relationship between small business tenants in shopping centres and their landlords. It will provide an insight and understanding into the research problem as well as the necessary background to guide the empirical part of the study.

The empirical part of the study will focus on the measuring of service quality that small business tenants in shopping centres receive from their landlords. This research study is designed as a formal study. The objective of a formal research design is to test the hypotheses or answer the research questions posed (Cooper & Schindler, 2006:140).

### **1.8.1 Sample selection and size**

For the selection of the target group out of the population, it is important to describe the deciding elements that determined the profile of the selected target group. The determining factors that were taken into consideration when the sample was selected are known as the sampling frame and include the following:

- owner of the small business;
- manager of the small business;
- both owner and manager of the small business; and
- the full time employee that directly deals with the landlord or centre manager.

The sample of the study consists of 457 small business tenants. The sample includes respondents from 27 different shopping centres throughout Pretoria, South Africa. Of these 457 respondents, 109 are the owner of the small business, 270 are the manager, 50 are both owner and manager and 28 are full time employees of the small business.

### **1.8.2 Design of the study**

As already mentioned, this study will be based on a formal research study. The empirical study will consist of quantitative research in which a questionnaire (Appendix B) will be used to obtain information from respondents. The questionnaire will be given to small business tenants in shopping centres in Pretoria, South Africa.

## **1.9 IMPORTANCE AND BENEFITS OF THE STUDY**

From a theoretical perspective, the study makes the following valuable contribution to the existing body of knowledge on service quality and, in particular, the measuring of service quality in a landlord-small business tenant relationship in shopping centres. Numerous researchers investigated the viability and reliability of several service quality models as a service quality measure in a number of different service industries, but none has focused on the specific area of the landlord-small business tenant relationship in shopping centres. This study addresses this issue. It is suggested by many researchers that studies should be done to further examine the transferability of these available models to other service industries (Gaur & Agrawal, 2006; Kang, James & Alexandris, 2002; Ramsaran-Fowdar, 2007). This study also makes a valuable contribution to the existing body of knowledge on small businesses in general and in particular the relationship between the landlord and the small business tenant in shopping centres.

From a practical perspective, the study makes the following valuable contributions: Firstly, the study provides landlords/shopping centre managers with a model that is reliable as a tool to measure perceived service quality specifically between landlords and small tenants in shopping centres. These findings can be used by landlords to address possible shortcomings in their quality service offered to small business tenants. The findings of this study can also be provided to landlords to make them aware of the special needs that small businesses in shopping centres have. This is important as, it was indicated in the background section, landlords as property managers, are being subjected more and more to increased competitive pressures in the economy. Lastly, tenants can use the findings of the study to evaluate the shopping centre, prior to entering in the lease agreement.

## **1.10 STRUCTURE OF THE STUDY**

The study was done in such a way that it follows a logical progression to build up to the specific research problem and objectives. The research starts with a thorough and broad literature review based on service quality, and small business tenants in shopping centres in general. The rest of the literature review is broken down into specific topics such as: services and an introduction to quality, service quality and lastly, a discussion on small business tenants in shopping centres. The research methodology and findings will then be discussed and finally, the conclusion and recommendations will conclude the study.

### **Chapter 1: Introduction and background of the study**

This chapter introduces and gives the background of the study. The importance and purpose of the study are discussed and the research problem is defined. The objectives and hypotheses are clearly stated to guide the flow of the research. In this chapter, the research design and a description of the benefits that this study will be presented to the reader, landlords and small business tenants in shopping centres will be given.

### **Chapter 2: Services and an introduction to quality**

Chapter 2 explores the literature on services and quality. The difference between service quality and customer satisfaction is first discussed in order for the research to be based on the correct measurement construct. The differences between goods and services are analysed with special reference to the characteristics of services, the possible influence of these characteristics on the measurement of service quality and the criticism in the literature on each of these characteristics. An attempt is also made to get a better understanding of the concept of quality. This is done from the viewpoint of the various approaches used by various researchers. The chapter concludes with deciding on a suitable quality approach for this study.



### **Chapter 3: Service quality**

The main focus of this chapter is on the several service quality measurement models suggested by several researchers. The concept of perceived quality is first discussed after which the concept of service quality is defined. The chapter is concluded by deciding on an appropriate service quality measurement tool for the measuring of service quality that small business tenants in shopping centres receive from their landlords.

### **Chapter 4: Small business tenants in shopping centres**

Chapter 4 focuses on small business tenants in shopping centres. The first section focuses on shopping centres as a retail location option for small businesses. After that, the various types of shopping centres from a South African perspective are discussed. Shopping centres as investments, shopping centre management, the importance of tenant mix and, the landlord-tenant relationship is also explored further in this chapter. The definition of a small business is given and the chapter concludes with emphasising the difficulties that small business tenants are faced with when dealing with landlords, especially in comparison to big anchor tenants.

### **Chapter 5: Research design and methodology of the study**

The research problem, objectives and hypotheses, as well as means of testing the hypotheses are presented in this chapter. The chapter discusses the research design and methodology in more detail, outlining the specific methods used to gather the empirical information. The reliability and validity of the study are also looked at in this chapter, as well as the design of the questionnaire to collect data. Lastly, the data processing and analyses are explained by means of the statistical techniques of factor analysis, Cronbach alpha coefficient, One Way Analysis of Variance (ANOVA) and Post-Hoc tests using least square means t-tests.

## **Chapter 6: Research findings**

This chapter highlights the business demographical data, the personal demographical data of the respondents as well as other descriptive statistics. The chapter then presents all the research findings obtained by means of descriptive research, reliability tests, factor analysis, ANOVA and Post hoc tests using least square means t-tests. The results of this empirical study are provided in tabular format and by means of figures and tables.

## **Chapter 7: Discussions, conclusions and recommendations**

Chapter 7 summarises the study and its findings. The research objectives, research questions and hypotheses are revisited and the limitations of the study, contributions to the science and areas for further research are presented. A summary of the literature review is also given.

### **1.11 ABBREVIATIONS**

The following abbreviations are used in this study:

ANOVA	One Way Analysis of Variance
Eg.	For example
Etc.	<i>Etcetera</i>
GDP	Gross domestic product
Ha	Hectare
Ltd.	Limited
m <sup>2</sup>	Square metres
ROI	Return on investment
USA	United States of America

### **1.12 REFERENCE TECHNIQUE**

The Harvard referencing technique is used in this study.

## CHAPTER 2

### SERVICES AND AN INTRODUCTION TO QUALITY

#### 2.1 INTRODUCTION

The main objective of this research study is to determine the perceived service quality that small business tenants in shopping centres have with regard to the service they receive from their landlords. It is therefore important to decide on a service quality model that can be used in order to reach this objective. Firstly it is important to distinguish between service quality and satisfaction because it may seem as if these perceptions from tenants can also be evaluated through the measurement of customer satisfaction. This chapter therefore begins by distinguishing between service quality and customer satisfaction to conceptualise the two constructs thoroughly in order for the research to be based on the correct measurement construct. The concepts of services and quality will be discussed next in order to enhance understanding of the inherent characteristics and problems of the phenomena of services and quality. A critical evaluation of prior research regarding these concepts will consequently be covered in this chapter. In chapter three, the construct “service quality” will be discussed with special reference to several service quality models available in the literature.

#### 2.2 SERVICE QUALITY VERSUS CUSTOMER SATISFACTION

In an era of increased competition and, the service sector being the dominant sector in world economy, it is apparent that companies would focus upon service quality and customer satisfaction improvement issues in order to drive high levels of business performance (Bitner & Brown, 2008:40; Kumar, Smart, Maddern & Maull, 2008:176; Morgan & Rego, 2006:436). It is however, common to find unclear distinctions between service quality and customer satisfaction in the literature (Bateson & Hoffman, 2011:325; Tsoukatos & Rand, 2007:469) but Van Ossel, Stremersch and Gemmel (2003:124) believe

that it is an important distinction to make. The distinction is also important for Cronin and Taylor (1992:56) as they state that it is important for service providers to know “whether their objective should be to have consumers who are ‘satisfied’ with their performance or to deliver the maximum level of ‘perceived service quality’”. Many researchers have traditionally viewed service quality and customer satisfaction as equivalent constructs because of the considerable overlap between the two concepts, (Bansal & Taylor, 1997; Herson in Marx, 2005:10; Johnson & Gustafsson, 2000; Spreng & Singh, 1993). Today, however, there is some degree of consensus among researchers that service quality and customer satisfaction are distinctive constructs, although they do admit that the constructs are related (Al-Hawari & Ward, 2006:131; Anandanatarajan *et al.*, 2006:87; Bateson & Hoffman, 2011:325; Berry *et al.*, 1988; Fisk *et al.*, 2008; Homburg *et al.*, 2006; Kasper *et al.*, 2006:182; Parasuraman *et al.*, 1994).

Perceived service quality is defined by Parasuraman *et al.* (1988:16) as a global judgment, or attitude, relating to the superiority of the service and by Zeithaml (1988:3) as the customer’s assessment of the overall excellence or superiority of the service. In these terms service quality means conforming to customer expectations and implies that consumers compare their expectations with their perceptions of actual service performance (Parasuraman, Zeithaml & Berry, 1985:42). This is the so-called “disconfirmation approach”. The most popular definition of customer satisfaction in the literature is also based on this disconfirmation approach where customer satisfaction is said to be a comparison of customer expectations to perceptions regarding the actual service encounter (Bateson & Hoffman, 2011:295; Kasper *et al.*, 2006:105). In other words, if customer perceptions meet expectations, the expectations are viewed to be confirmed and the customer is satisfied. On the other hand, if customers’ perceptions and expectations are not equivalent, then the expectation is viewed to be disconfirmed and the customer will not be satisfied.

It seems as if customer satisfaction definitions are also made from the perspective of mainly two schools of thought. The first is where customer satisfaction is viewed as an outcome resulting from a post-consumption evaluation containing both cognitive and affective (emotional) elements (Churchill & Suprenant, 1982:492). This is called the transaction-specific approach by Wang, Lo & Yang (2004:328). This approach is also

called the cumulative approach which is argued as being more fundamental and useful in the service environment as consumption is an experience and consists of collective perceptual, evaluative and psychological processes that, in combination, generate customer satisfaction (Bassi & Guido, 2006:78; Boshof & Gray, 2004:28; Jamali, 2007:372; Pantouvakis, 2010:368; Wang *et al.*, 2004:328). Schneider and White (2004:51-53) suggest that service quality is descriptive and based on fact (in other words, it is a consumer's judgement about the service itself), while satisfaction is more evaluative and based on emotion (in other words, it is more of a judgement of how the service affects the consumer emotionally). Zhang, Lam and Chow (2009: 71) concur with this by stating that most definitions of satisfaction would involve an evaluative, affective or emotional response. There seems to be general consensus today though, that both cognition and affect significantly predict satisfaction judgements (Homburg *et al.*, 2006). Kasper *et al.* (2006:182) note that it is important to bear in mind that a customer can have perceptions of service quality without having actually experienced the service, whereas a customer has to experience a service to make a judgement on satisfaction. A customer can for instance perceive a service to be of high quality because of advertisements or positive word of mouth communications, but cannot claim high satisfaction of that service without experiencing it.

Due to the general acceptance in the literature (as mentioned above) that service quality and satisfaction are two distinct constructs, it is also suggested that customer satisfaction should be measured separately from service quality (Dabholkar, Shepherd & Thorpe, 2000:166). However, both constructs can usually be measured by making use of the so-called gap approach, or disconfirmation approach, in other words, the difference between perceptions and expectations. It is however important to note that different definitions of expectations exist for service quality and customer satisfaction. In relation to service quality, expectations are regarded as desires or "wants" of customers, that is, what customers feel a service provider **should** offer them, rather than what a service provider **would** offer them (Bateson & Hoffman, 2011:333-334; Parasuraman, Zeithaml & Berry, 1986:6). Customer satisfaction, on the other hand, is believed to result from a comparison between what **did** happen in a service encounter and what customers predicted **would** happen (Bateson & Hoffman, 2011:313; Bitner, 1990:70; Parasuraman *et al.*, 1986:6). As consumers are unsure of what to expect, their expectation in a satisfaction context

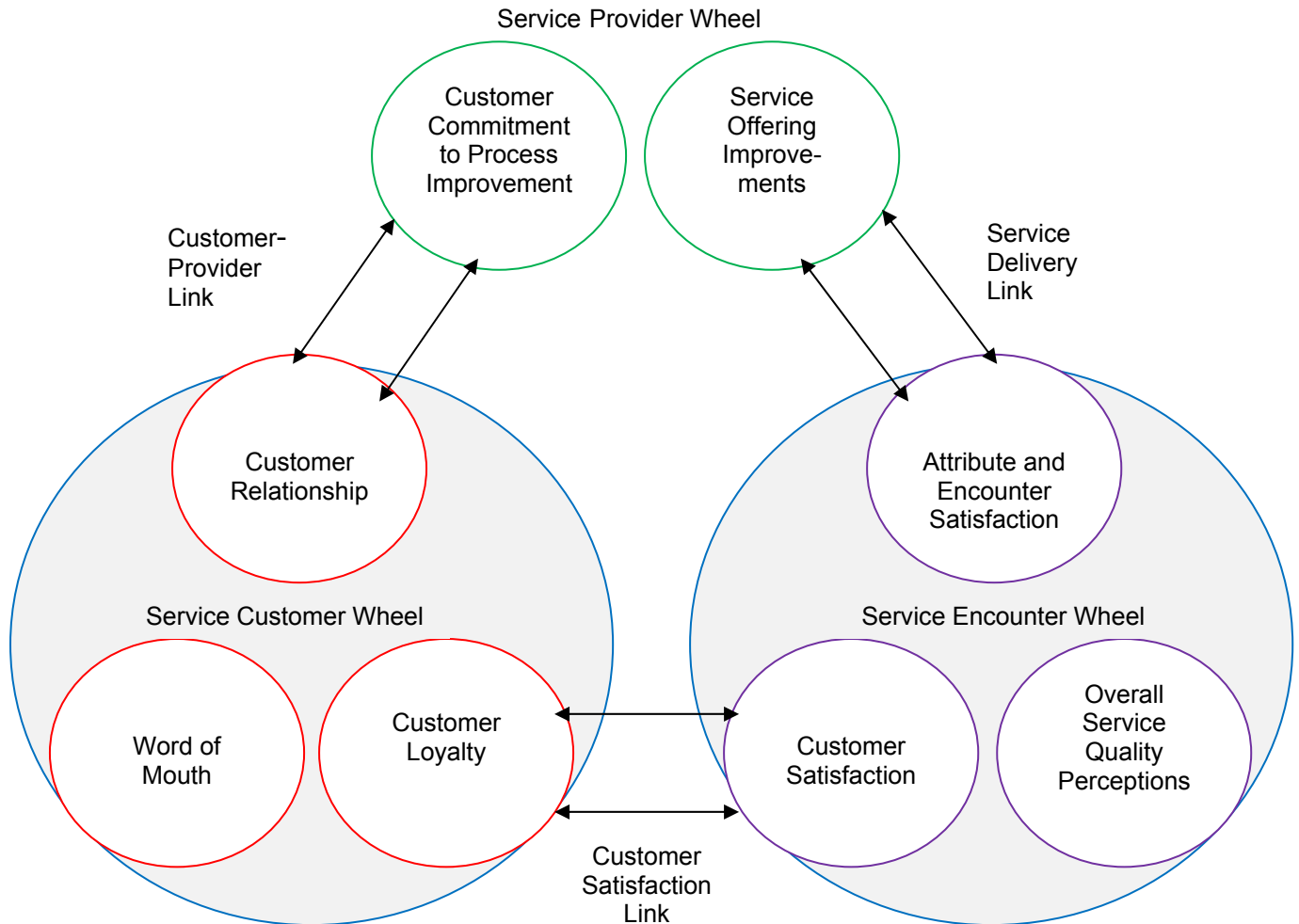
represents a prediction and will be expressed by a mean expectation value, with a degree of uncertainty surrounding the mean. Since, in contrast, consumers' expectations in a service quality context represent what they desire, it can be regarded as a distinct value with little or no uncertainty relating to it (Parasuraman *et al.*, 1986:6). It appears as if a higher standard of service delivery is measured by service quality measures than what is the case with customer satisfaction (Bateson & Hoffman, 2011:334).

It has been suggested that customer satisfaction is a far broader concept than service quality and initially it was argued that repeated incidents of satisfaction over time will lead to a perception of service quality (Bitner, 1990:70; Bolton & Drew, 1991:2; Oliver, 1981:26; Parasuraman *et al.*, 1988:16). There is however, empirical evidence that the opposite is in fact true and that perceived service quality leads to satisfaction (Al-Hawari & Ward, 2006:140; Cristobal *et al.*, 2007:332; Dabholkar & Overby, 2005:23; Dagger & Sweeney, 2006:6; Fisk *et al.*, 2008:155; Gounaris, Dimitriadis & Stathakopoulos, 2010:150; Hume, 2008:349; Kasper *et al.*, 2006:105; Lundahl, Vegholm & Silver, 2009:588; Maddern, Maull, Smart & Baker, 2007:1013; Pantouvakis & Lympelopoulos, 2008:623; Pollack, 2008:537, Pollack, 2009:46; Solvang, 2007:120; Zhang *et al.*, 2009:81).

The positive outcomes of high service quality do not end with customer satisfaction. According to Fisk *et al.* (2008:153), service quality creates a chain reaction with regard to customer satisfaction and customer loyalty to establish enduring relationships with service firms. This interaction starts with high service quality. This will lead to high levels of customer satisfaction and in turn to stronger links between the customer and the service provider. The satisfied customers will then be loyal toward the service provider and form strong relationships with them (An & Noh, 2009; Carrillat *et al.*, 2009; Cristobal *et al.*, 2007; Dagger & Sweeney, 2006; Fisk *et al.*, 2008; Gounaris *et al.*, 2010; Shukla, 2010; Solvang, 2007). Service providers will then be in a better position to render high quality service to these loyal customers and in this way the service delivery link with the customer will be strengthened even more (Fisk *et al.*, 2008). The rationale will therefore be that this notion also holds true for the relationship between the shopping centre landlord and the small business tenant. If the small business tenant experiences high perceived service quality from the landlord, they will be more likely to remain at the location and the landlord can save capital on marketing and related costs to fill the vacancy again.

The chain of connections that links service customers and the service provider by their actions and reactions is illustrated in Figure 2.1.

**Figure 2.1: The service quality cycle**



Source: Fisk *et al.* (2008:154)

As illustrated in Figure 2.1 the customer and the service provider are connected by three links, namely the **service delivery link**, the **customer satisfaction link** and the **customer-provider link** (Fisk *et al.*, 2008:154). The first link, the service delivery link, represents the interactive character of the service and is reinforced through satisfying service encounters. The connection between the customer's satisfaction level and degree of loyalty to the service provider is represented by the customer satisfaction link. The customer-provider link represents the mutually rewarding relationship between the

customer and the service provider, which gives way to the customer's commitment to that service provider. Activities that fall into the three domains, or wheels, representing the domains of the customer, the provider and the service encounter, are connected by these links. The three wheels connected by the three links, form the service quality cycle. Fisk *et al.* (2008:155) use the term cycle to emphasise that service quality involves important links between the service business and the customer in a recurring series of activities.

Many recent empirical studies have found a positive relationship between the constructs of service quality, customer satisfaction and behavioural intentions in a variety of industries and cultures. These include studies of the performing arts in the USA (Akhter, 2010), in e-markets in the USA (Anderson & Swaminathan, 2011), in e-shopping in Greece (Gounaris *et al.*, 2010), the performing arts in Australia (Hume, 2008), the audit industry in Malaysia (Ismail, Haron, Ibrahim & Isa, 2006), the hospitality industry in Canada (Ladhari, 2009b), in a variety of services contexts (Ng, David & Dagger, 2011), the lodging industry in the USA (Olorunniwo *et al.*, 2006), in a hairdressing and phone service company in the USA (Pollock, 2009), the low cost airline industry in Thailand (Saha & Theingi, 2009), the retail industry in Norway (Solvang, 2007) and the banking sector in Australia (Yap & Sweeney, 2007). According to Fornell, Mithas, Morgeson III and Krishnan (2006:4), both marketing and neoclassical economics view customer satisfaction (and by implication service quality as the antecedent of customer satisfaction) as the real standard for economic growth. Several studies have indeed found a relationship between customer satisfaction and higher stock prices (Aksoy, Cooil, Groening, Keiningham & Yalçin, 2008; Fornell *et al.*, 2006; Tuli & Bharadwaj, 2009; Wiles, 2007), between customer satisfaction and financial performance of businesses (Al-Hawari & Ward, 2006; Yoo & Park, 2007) and between service quality and business success in general (Kersten & Koch, 2010; Morgan & Rego, 2006).

Another view with regards to the causal relationship between perceived service quality and satisfaction is that of Dabholkar and Overby (2005:14), where it is suggested that this relationship is situation-specific and therefore depends on the context of the service encounter. This contingency approach implies that factors such as the nature of the service experience and the customers' rational predispositions will impact the causal



sequence of service quality and satisfaction. This view is supported by Kueh (2006), Ladhari (2009b), Pollack (2008) and Solvang (2007).

The mediating role that customer satisfaction plays in the relationship between service quality and behavioural intentions is confirmed by several of the research studies mentioned above. This research though, will concentrate on service quality as the spark that ignites the chain reaction towards customer satisfaction and positive behavioural intentions from the small business tenants as the customers. High service quality is thus viewed as the most important aspect that needs investigation in the relationship between landlords and small business tenants in shopping centres.

## **2.3 SERVICES**

### **2.3.1 Meaning of services**

The concept of a service has changed considerably during the last thirty years. Initially, it was argued that a service can be defined by emphasising the differences between goods and services by referring to the characteristics of services. The early debate about the differences between services and goods tended to encourage the notion that services and physical goods are an either-or dichotomy (Fisk *et al.*, 2008:6). Although the distinction between pure goods and pure services is not always very clear, (Bateson & Hoffman, 2011:4), they are not distinct. There is an important interdependence between services and goods, where some services may require physical goods to support and facilitate the delivery system and some physical goods may have intangible aspects. Services are being arrayed on a continuum of intangibility, with pure services (which have no tangible component) at the one extreme of the continuum, and pure goods (which have no intangible component) at the other extreme (Shostack, 1977:74). Since several services have both tangible and intangible elements, those services will fall between the two extremes of the continuum (Bateson & Hoffman, 2011:5; Fisk *et al.*, 2008:6; Lovelock & Wirtz, 2011:15; Schneider & White, 2004:7). Services offered by landlords to their tenants probably are a good example of a service that fall between the two extremes of the intangibility continuum. Landlords supply a tenant with a physical leasing space (tangible

element) to do business in and they are responsible for shopping centre advertising and promotion campaigns (intangible element).

The distinction between services and goods was useful in early services research in order to identify the unique characteristics of services and to establish services as an area of study separate from manufacturing (Akehurst, 2008:4, Corrêa, Ellram, Scavarda & Cooper, 2007:446). Today, the debate about the differences between goods and services has become increasingly blurred and in many ways is out of date, unproductive, distracting and irrelevant (Akehurst, 2008:4; Araujo & Spring, 2006:803; Corrêa *et al.*, 2007:445; Vargo & Lusch, 2004b:326; Ward & Graves, 2007:463). As early as the early seventies, Levitt (1972:41) insisted that there are no such things as service industries, only industries whose service components are greater or less than those other industries. Although Greenfield (2002:20) accepts the notion of a distinction between goods and services, he feels that it should be emphasised that the two concepts are intimately related and that they are in fact, interdependent. He emphasised that the demand for many services cannot be met without the existence and availability of many physical goods. It can therefore be argued, for instance, that, in the present research study, the physical shopping centre building first have to be constructed and made available to the tenants before the landlord can offer certain services to the tenants.

More and more traditionally manufacturing companies today are also realising that services can have the potential for ensuring financial, strategic and marketing benefits and as a result, start offering services in conjunction with their products (Araujo & Spring, 2006:802; Bjurklo, Edvardsson & Gebauer, 2009:493; Cohen, Agrawal & Agrawal, 2006:129; Godlevskaja, Van Iwaarden & Van der Wiele, 2011:62; Young, 2008:2). Examples of companies that have experienced this are International Business Machines (IBM), Hewlett-Packard, Xerox, Nokia, Johnson & Johnson Allegiance Corporation, General Motors and General Electric. (Corrêa *et al.*, 2007:447; Godlevskaja *et al.*, 2011:62; Young, 2008:1). Forty-one percent of IBM's total 2003-revenue was for instance generated from services. In 2006 and 2007 this was already 53,20 percent and 55,30 percent respectively. Gebauer, Krempf and Fleisch (2008:219) also argue that manufacturing companies can extend to service business proceeds for better marketing opportunities, better strategic opportunities and for better financial benefits. Corrêa *et al.*

(2007:449) add that customer satisfaction and customer loyalty can be increased if services are provided to support goods. This emphasis from manufacturing to introducing services has shifted to the extent that the manufactured products are now viewed by some as incidental. (Ward & Graves, 2007:465).

Initially, this movement was termed “servitisation” by Vandermerwe and Rada (1988) and is now, more than twenty years later, seen as a necessity for manufacturing businesses (Cohen *et al.*, 2006; Corrêa *et al.*, 2007; Pawar, Beltagui & Riedel, 2009). Other terms allocated to this movement is “total offerings” (Godlevskaja *et al.*, 2011:68), “value package” (Corrêa *et al.*, 2007:445) and “bundle of resources” (Grönroos, 2006:326). This “bundle of resources”, in which the goods are nothing but one resource among others, are viewed by Grönroos (2006:326) as important to support the customers’ processes so that value is created in those processes. Corrêa *et al.* (2007:448) put it bluntly: “Services are really what provides the value added to these companies, rather than the goods”. In a groundbreaking article Vargo and Lusch (2004a:5) emphasise the importance of service in business by maintaining that service becomes the unifying purpose of any business relationship.- a service-dominant rather than a goods-dominant environment. Consequently, goods are simply a means of rendering a service to the customer, or as Hurwitz, Bloor, Kaufman and Halper (2009:8) put it, “in an increasingly interconnected business world, everything is becoming a service”.

To define a service, is not an easy task. Grönroos (1988:10) admits that a service is a complicated phenomenon. Lovelock and Wirtz (2011:15) believe that services are difficult to define because of the fact that services cover a vast array of different and often very complex activities. The word has in fact many meanings, ranging from a personal service to a service as a product. Edvardsson, Gustafsson and Roos (2005:119) and Hurwitz *et al.* (2009:8) suggest that the definitions of a service are changing constantly because of many factors, such as changing competitive situations that affect customer value-in-use and also rapid changes in technology. Moeller (2010:359) links on to this way of thinking and even claims that the term “services” remains undefined. Grönroos (2006:323) also admits that there is no universal definition for the concept “service” in the literature. Lovelock and Wirtz (2011:15) feel however, strongly about the fact that services should be defined in their own right and not in relation to goods.

In an attempt to get closer to a universally accepted definition of services, Edvardsson *et al.* (2005) conducted a study where they consulted eleven experts in the field of service quality and ask the question: “What definition do you think best captures what you consider to be the essence of services?” Three of the experts suggest definitions like “satisfying customer needs and wants”, “a performance meant to provide benefit” and “the essence of service is the experience created for the customer” (Edvardsson *et al.*, 2005:111) .They point out that these definitions are more outcome-related. In other words, they focus on the **value that services create**. The Nordic School on the other hand, view services as “processes that consist of a set of activities which take place in interactions between a customer and people, goods and other physical resources, systems and/or infrastructures representing the service provider and possibly involving other customers, which aim at solving customers’ problems” (Grönroos, 2006:323). This definition is based on the service activity, in other words, **what a service is**. Lusch and Vargo’s (2011:1302) and Vargo and Lusch’s (2004a:2; 2008:26) definition of a service is based on the so-called **value-in-use** view: “the application of specialised competences (operant resources – knowledge and skills), through deeds, processes, and performances for the benefit of another entity or the entity itself”.

There are essentially two parts to this definition. Firstly service comprises activities, deeds, processes and performances and secondly, it specifies that these activities provide the benefits, or functions performed, for the beneficiary (Lusch & Vargo, 2011:1302). They stress the importance of making use of the singular term “service” which reflects the process of doing something beneficial for and in conjunction with some entity, rather than the term “services” which they view as units of output (immaterial goods). According to this more recent view in the literature, value is created when products, goods or services are used by customers. Customers are in other words revealed as both producers and consumers who determine what is of value (Ballantyne & Varey, 2008:12). Grönroos (2006:323) believes that this view of the concept of service and value creation is likely to become the accepted view amongst scholars. With their view of service Vargo and Lusch (2004b:326) are suggesting that everything is a service and that economic exchange is fundamentally about service provision. From this perspective, the concept of service

therefore becomes an inclusive term where neither goods nor services can be captured through residual definitions.

The view with regard to this research study is that it is unnecessary and unproductive to spend time on differentiating between goods and services. What is important though is that any contact with or offering to customers must be done by bearing in mind that customers deserve good quality. It also boils down to basic good manners and ethical behaviour on the side of the service provider. What is important is not so much as to try and “delight” the customer with every service encounter, but simply to make sure of consistently good service, a personal relationship and to make it as easy as possible for customers to obtain the service. This notion is supported by Dixon, Freeman and Toman (2010:119) and Goodman (2008:33). All the arguments on service quality therefore, point to one emerging fact, namely the customer has to be treated in a courteous and respectful way.

Many of the current textbooks and research articles however, still complement their discussion of what services are by differentiating between goods and services by means of the characteristics of services (Bateson & Hoffman, 2011; Chase, Jacobs & Aquilano, 2006; Evans & Lindsay, 2008; Fisk *et al.*, 2008; Fitzsimmons & Fitzsimmons, 2006; Heizer & Render, 2006; Hollensen, 2010; Kasper *et al.*, 2006; Kotler & Armstrong, 2010; Lewis, 2009:234; Palmer, 2008; Tuzovic, 2009; Wilson *et al.*, 2008; Young, 2008). Many experienced businesses also suggest that a service business is different from a goods business, although they do not know exactly **how** they differ (Young, 2008:73). It is therefore considered to be still important to discuss these differences by means of the unique characteristics of services.

### 2.3.2 Characteristics of services

As discussed in section 2.3.1 above, the underlying paradigm in services research since the 1980s has been that services and goods are distinctly different from each other. For more than three decades, the differences between goods and services have been emphasised by four specific characteristics, namely **intangibility**, **inseparability**, **heterogeneity** and **perishability**.

Later however, several criticisms on the four characteristics of services were voiced (Araujo & Spring, 2006; Beaven & Scotti, 1990; Corrêa *et al.*, 2007; Edvardsson *et al.*, 2005; Lovelock & Gummesson, 2004; Moeller, 2010; Vargo & Lusch, 2004b). Lovelock and Gummesson (2004:32) come straight to the point and say that the notion that the four characteristics make services uniquely different from goods is deeply flawed. They based their statement on the fact that, according to them, the focus of the services field has changed and that the development of information and communication technology has advanced dramatically. Moeller (2010:359) agrees and also feel that there are more and more changes in general conditions, especially in the development of technology. These changes, according to Moeller (2010:359), are the reason why the applicability of most of the four characteristics of services loses its impact. Moeller (2010:359) believes that the inseparability of production and consumption and the perishability of production and services can today be overcome by technology-based communications.

Vargo and Lusch (2004b:326) also add their voice and state that “the delineation of characteristic differences between services and goods is also misleading, if not counterproductive”. Edvardsson *et al.* (2005:113) state that these four widely accepted characteristics are “neither based on empirical research in an inductive way, nor developed from previous research and theories in a deductive way”. They suggest, that the characteristics should not be generalised to all services, but that it should only be used for the services when they are relevant and in situations where they are useful and fruitful (Edvardsson *et al.*, 2005:115). Corrêa’s *et al.* (2007:449) perspective is that, because of the blurring of services and goods (discussed in 2.3.1), a new framework is needed for this new environment. They suggest a new set of characteristics that will make it easier to manage and understand the change from a goods-dominant to service-dominant environment (discussed briefly in the next section together with the traditional characteristics). Corrêa’s *et al.* (2007:452) stress though, that these characteristics are not a way to differentiate services from goods, but rather a way to help managers design and manage the delivery process.

In spite of the several criticisms in the literature, the four characteristics of services as mentioned, remain a unifying theme for the service industry (Lovelock & Gummesson, 2004:25). The four essential characteristics of services will subsequently be discussed.

### 2.3.2.1 Intangibility

There is no doubt that intangibility is the most fundamental and most frequently mentioned of the various characteristics of a service (Bateson & Hoffman, 2011:57; Fisk *et al.*, 2008:7; Kasper *et al.*, 2006:57; Schneider & White, 2004:6; Zeithaml, Parasuraman & Berry, 1985:33). This characteristic in essence means that services are activities and not physical objects. In most cases services cannot be seen, touched, tasted, held, felt or stored (Bateson & Hoffman, 2011:57; Fisk *et al.*, 2008:8; Hollensen, 2010:394; Kotler & Armstrong, 2010:269; La, Patterson & Styles, 2005:380; Wilson *et al.*, 2008:16; Young, 2008:73). According to Bateson and Hoffman (2011:57), intangibility is the basic characteristic of services from which all other differences emerge. Bateson and Hoffman (2011:57) further make a distinction between physical intangibility, that which cannot be touched, and mental intangibility, that which cannot be mentally grasped. Bielen and Sempels (in Edvardsson *et al.*, 2005:114) support this conceptualisation by an empirical study. Fisk *et al.* (2008:8) and La *et al.* (2005:380) point out though, that services are not merely an “intangible product” but a state of being and that an experience, performance, time, process or some form of intellectual property cannot be purchased by a customer but they can still get value out of this intangibility.

Many services are entirely nonexistent before they are bought and cannot be easily examined or evaluated by consumers prior to purchase (Fisk *et al.*, 2008:8; Sichtmann, Von Selasinsky & Diamantopoulos, 2011:3). This makes it difficult for customers to predict the experiential aspects of a service and for service providers to provide customers with a clear pre-purchase understanding of what they might be buying (Edvardsson, Enquist & Johnston, 2010:312; Kasper *et al.*, 96; Kotler & Armstrong, 2010:269; Wilson *et al.*, 2008:16; Young, 2008:74). It is presumed that the more intangible the choice for a consumer, the more likely they will be to perceive it as being riskier and more difficult to evaluate (Fisk *et al.*, 2008:8; Kasper *et al.*, 2006:58; La *et al.*, 2005:380; Laroche, Nepomuceno & Richard, 2010:206).

It will therefore be necessary for service firms to make the service offering more tangible and often the quality of a service will then be evaluated based on these tangible cues. One method to do this is the use of physical evidence or tangible cues (or “signals”) such as physical surroundings and employee responses (Bateson & Hoffman, 2011:60; Dean & Lang, 2008:48; Fisk *et al.*, 2008:8; Kotler & Armstrong, 2010:269; La *et al.*, 2005:380; Laroche *et al.*, 2010:207). In a landlord-tenant relationship in shopping centres for instance, examples of cues can be the availability and willingness of the centre management to listen to tenants’ needs, and the overall design and cleanliness of the centre. This can prompt the tenants to associate the tangible cue, availability of the personnel and a trendy, clean centre, with the intangible, the service.

Another way to deal with the intangibility of services is the relatively new approach of “test driving” the service prior to purchase (Edvardsson *et al.*, 2010:312). The “test drive” is done to let the customer have some actual experience of the service they are offering, such as cleaning one carpet for free before the client commits to the service of cleaning all the carpets.

Often, customers that make use of services with a complicated technical or scientific nature will not necessarily possess the knowledge to confidently evaluate the quality of the advice they purchase (La *et al.*, 2005:380; Wilson *et al.*, 2008:16). It should also be borne in mind that pure services are in essence processes that are more psychological experiences than experiences of physical possessions (Schneider & White, 2004:6; Young, 2008:74). It is therefore important to remember that it is not physical goods that should be measured, but a psychological process. It is for this reason that the perceptions of the users of the service are obtained, like for instance in the present research. Schneider and White (2004:6) point out that researchers and practitioners should be careful when analysing these results because, although the measurement might not be completely accurate, it may be the best indication of the service quality obtainable from the users of the service. It however appears as if there is not any empirical evidence, on an ongoing basis, that goods are easier to evaluate than services (Lovelock & Gummesson, 2004:27).



Intangibility is not unique to services (Corrêa *et al.*, 2007:447; Lovelock & Gummesson, 2004:26; Moeller, 2010:362; Vargo & Lusch, 2004b:328). There are numerous goods that also possess elements of intangibility, such as foodstuffs, cosmetics and medicines, to mention a few. A customer will often not know how the food will taste and if the cosmetics and medicine will give promised results prior to purchasing and using it (Corrêa *et al.*, 2007:447; Lovelock & Gummesson, 2004:26; Moeller, 2010:362; Vargo & Lusch, 2004b:328). Yet many services that involve tangible elements can be evaluated before use. The core product in the relationship between landlords and small business tenants for instance, is the available space for lease. A tenant can look over the space for lease as well as the look and feel of the shopping centre and even how busy the centre is at a given time, prior to signing the leasing contract. It can therefore be concluded that intangibility is not a universally applicable characteristic of all services during all stages from pre-purchase through delivery, consumption and output (Corrêa *et al.*, 2007:447; Edvardsson *et al.*, 2005:115; Lovelock & Gummesson, 2004:26; Moeller, 2010:362; Vargo & Lusch, 2004b:328).

Corrêa *et al.* (2007:450-451) suggest that intangibility be changed to “degree of ease in performance assessment”. It has been suggested that the characteristic of intangibility makes it difficult to measure service quality. Corrêa *et al.* (2007) argue that it is not the tangibility or intangibility that drives the measurement issue, but the degree of ease or difficulty to measure the service output. They suggest that value packages (services and/or goods) with a low degree of difficulty to assess require formulation of different management strategies as apposed to those that are difficult to assess, regardless of whether they are tangible or intangible offerings.

### **2.3.2.2 Heterogeneity**

Heterogeneity (variability) in the service context implies that it is difficult to standardise services, especially in labour-intensive services (Bateson & Hoffman, 2011:68; Fisk *et al.*, 2008:9; Kasper *et al.*, 2006:59; Lewis, 2009:234; Lovelock & Gummesson, 2004:27; Young, 2008:75). Heterogeneity concerns the possibility for high variability in the delivering of services, mainly because the customers are actively involved in the production process

(Bateson & Hoffman, 2011:68; Hollensen, 2010:395; Wilson *et al.*, 2008:16; Young, 2008:75). Both the service provider and the customer may bring in some form of variation to the service (Bateson & Hoffman, 2011:69; Edvardsson *et al.*, 2005:117; Fisk *et al.*, 2008:9; Young, 2008:75). The quality and fundamental nature of a service can vary from service provider to service provider, from customer to customer, and from time to time. This is the case because an employee, delivering the service to various customers, may not maintain absolute consistency throughout a specific timeframe. The same customer may also encounter different employees who provide a service and this may raise a problem of consistency of behaviour (Bateson & Hoffman, 2011:69; Edvardsson *et al.*, 2005:117; Fisk *et al.*, 2008:9; Kotler & Armstrong, 2010:269; Zeithaml *et al.*, 1985:34). Customer perceptions may also vary from one service encounter to the next and from one time to another (Bateson & Hoffman, 2011:69; Wilson *et al.*, 2008:16; Zeithaml *et al.*, 1985:34). No two customers are precisely alike and may have specific individual demands or may experience the same service encounter differently. More variables are added to this picture, namely the presence and behaviour of other customers during service delivery and variations in external condition like weather, crowding and differences between service locations (Desmet, Van Looy & Van Dierdonck, 2003:15).

Heterogeneity can have an effect on the whole product development process, including the design, production and delivery stages. It is more difficult to control the output of a service organisation than it is to control the output of an organisation that produces goods (Bateson & Hoffman, 2011:69; Edvardsson *et al.*, 2005:117). Due to the absence, or only the partially presence, of standards in service industries, customers perceive a greater risk in purchasing services than they do in purchasing goods. In order to minimise the effect of heterogeneity, the service encounter should be controlled. This can be done by making use of uniform production processes and increasing the amount of automation. The degree of variability in each service encounter will be reduced so that more consistency can be gained. Lovelock and Gummesson (2004:28) state that during the past two decades, there has been a significant trend from service delivery organisations to replace labour by automation to achieve standardisation in the delivering of their services. This makes variability less of a problem than previously.

The relative heterogeneity of services makes it more difficult to measure service quality and to do quality control checks prior to service delivering (Bateson & Hoffman, 2011:69; Fisk *et al.*, 2008:9; Hollensen, 2010:395; Schneider & White, 2004:8). Ensuring consistent service quality for services can therefore be challenging. Services cannot be measured against exact uniform standards and, even when exactly the same quality of service is delivered to customers with unique individual circumstances, each customer could evaluate these services differently (Bateson & Hoffman, 2011:69).

In order to ensure that the results of this study are a true reflection of the perceptions of small business tenants in shopping centres, the response rate has to be large enough and there has to be a high representation from the small business tenants of each shopping centre that will be part of the study.

Heterogeneity, as a characteristic of services, has however been criticised by several researchers because of the many possibilities of standardisation in services (Corrêa *et al.*, 2007:450; Lovelock & Gummesson, 2004:28; Moeller, 2010:363; Vargo & Lusch, 2004b:328). They argue that heterogeneity is not only a problem for service industries, but also for manufactured goods industries. Very often at least parts of many services are as standardised and homogenised as their product counterparts. Lovelock and Gummesson (2004:28) conclude that “it is inappropriate to continue to generalise about heterogeneity (or variability) as being a distinctive characteristic that sets all services apart from all goods”. It is also argued that the “problem” of heterogeneity in services is not necessarily a disadvantage (Corrêa *et al.*, 2007:450; Lovelock & Gummesson, 2004:28; Vargo & Lusch, 2004b:328). A degree of non-standardisation, where each customer will receive his/her own customised service, is a desirable feature in some services and a distinct marketing strength (Evans & Lindsay, 2008:59).

Corrêa *et al.* (2007:450) substitute heterogeneity with “the degree of intensity of interaction”. They are in agreement that some services may be very homogeneous and that all goods are not necessarily homogeneous. What matters to them though, is not heterogeneity, nor whether the process renders a service or produces a good, but the degree of intensity of interaction between the customer and the process. A greater degree

of interaction to acquire information about the specific needs of the customer will be necessary for greater customisation of offerings. Highly customised packages will therefore require more intense interaction with more flexibility than less customised packages.

### **2.3.2.3 Inseparability**

Inseparability in relation to services implies that the production and consumption are inseparable and occur simultaneously (Bateson & Hoffman, 2011:63; Evans & Lindsay, 2008:59; Fisk *et al.*, 2008:8; Hollensen, 2010:395; Kasper *et al.*, 2006:58; Lewis, 2009:234; Schneider & White, 2004:7; Sierra, Heiser & McQuitty, 2009:111; Wilson *et al.*, 2008:16; Young, 2008:76). The inseparability of services therefore leads to a relatively small time-gap between production and consumption, and the services are often consumed as they are produced. The customer has to be present during the production of many services and the customer is forced into intimate contact with the production process (Kotler & Armstrong, 2010:269; Wilson *et al.*, 2008:17).

Quite often in delivering a service, special skills like communication and interpersonal skills from the service provider's employees, will be necessary, which is not the case with a manufacturing worker (Bateson & Hoffman, 2011:63). What this inseparability of production and consumption further implies is that services are subject to "interference" by the customer where the consumer often has to contribute information or effort before the service transaction can be consummated. The information or effort given by the customer can indeed influence the quality of the service delivered (Bateson & Hoffman, 2011:63; Fisk *et al.*, 2008:9; Wilson *et al.*, 2008:17; Zhenfeng & Dubé, 2011:93). Bateson and Hoffman (2011:64), Kotler and Armstrong, (2010:269) and Sierra *et al.* (2009:111) point out that it is important to realise though that the customers and the service provider's employees share the responsibility for successful service outcomes, although they admit that the degree of mutual involvement can vary from service to service. The service provider can also influence the quality of the service because the service provider's employee becomes a tangible cue on which at least part of the customer's evaluation of the service experience is based upon (Bateson & Hoffman, 2011:63; Fisk *et al.*, 2008:9;

Young, 2008:77). They argue that the customer has the opportunity to observe the detail of the service encounter and that non-verbal behaviour, clothing, personal hygiene and linguistic ability can have an influence on the service quality as perceived by the customer.

Due to the fact that it is not possible to produce a service long before actual consumption takes place, the effectiveness of a service cannot be guaranteed in advance and it therefore introduces uncertainty (Edvardsson *et al.*, 2005:117; Young, 2008:76). The service provider cannot produce the service and check it for defects prior to delivering it, but can merely assure the customer on the basis of the proven expertise of the supplier at a previous service encounter (Gaster & Squires, 2003:7; Young, 2008:76).

Corrêa *et al.* (2007:449), Lovelock and Gummesson (2004:29), Moeller (2010:364) and Vargo and Lusch (2004b:330) argue that the characteristic of inseparability is not unique to the service encounter. It is also applicable to goods. Vargo and Lusch (2004b:330) find that tangible goods cannot provide the desired benefits (the service) unless the customer interacts with the goods. The benefits from the goods purchased are indeed obtained by the use of these goods. They argue further that the mere act of purchasing (or not) provides feedback which involves the customer in the design and delivery of all offerings (Vargo & Lusch, 2004b:330). Lovelock and Gummesson (2004:29), argue that many offerings that are normally classified as services are partially, and quite often, largely “manufactured” separately from the consumer. They conclude that the generalisation that inseparability is a distinctive characteristic of all services is not valid as there are far too many separable services. Beaven and Scotti (1990:10) agree with this but believe that inseparability of services is also an advantage and that offerings produced without the relative involvement of the consumer are in fact at a disadvantage. They point out that because a service is a lived-through event which impacts on the consumer’s personal biography, it makes the service encounter special.

A landlord renders different types of services to their tenants. The services of issuing rent statements to tenants can technically be separated, as there could be internal processes to check for its correctness before it is delivered. On the other hand, when, for example,

queries on the statements need to be discussed with management, the service cannot be separated.

Corrêa *et al.* (2007:450) substitute the characteristic of inseparability with “degree of simultaneousness between production and consumption”. They argue that while high inseparability (simultaneity) generally equates to low stockability, (see discussion in 2.3.2.4) low stockability does not necessarily equate to high inseparability. A technician must wait for something to break for instance, before his service will be needed (“degree of stockability” is zero). While fixing the product however, the customer does not necessarily have to be present and it may be hours or even days before the customer actually consumes the result of that process, implying low simultaneity (or inseparability). In the time between fixing the product and consuming it, quality control can be performed. In other types of services, the customer is consuming the service while receiving it and the “degree of stockability” is also zero. It is however not possible to do quality control prior to the customer consuming the product because of high inseparability.

#### **2.3.2.4 Perishability**

Perishability, like in the case with tangibility, means that because services are not tangible they cannot be produced at a certain point in time, stored, and then sold later when demanded (Bateson & Hoffman, 2011:71; Fisk *et al.*, 2008:9; Hollensen, 2010:394; Kasper *et al.*, 2006:60; Lewis, 2009:235; Vargo & Lusch, 2004:331; Young, 2008:78). Services therefore, have to be consumed when produced and if it is not consumed it perishes.

Although perishability exists for goods as well, perishability of services is more critical and more difficult to overcome. Service organisations is therefore more seriously affected by changes in demand because, when demand is low, unused capacity is wasted and the opportunity to maximise profit has gone forever, and when demand is higher than the capacity, it goes unfulfilled and business may be lost (Bateson & Hoffman, 2011:72; Fisk *et al.*, 2008:10; Hollensen, 2010:395; Kasper *et al.*, 2006:60; Kotler & Armstrong, 2010:270; Wilson *et al.*, 2008:17; Young, 2008:78). It is therefore important for service firms to manage demand and supply in order to better meet their needs.

The attribute of perishability as a characteristic of services, has however been criticised. Gummesson (2000:123) is very frank in his criticism when he states that “the claim that services cannot be stored is nonsense”. Lovelock and Gummesson (2004:30) also believe that the claim that perishability is an exclusive characteristic of services requires significant qualification. They argue that this concept is multidimensional that includes productive capacity, the producer’s output, the customers’ experience of the performance, and the output the customers obtain from the service. Several previous articles have focussed on perishability from the producer’s perspective but perishability from the customer perspective, however, may give a different perspective (Edvardsson *et al.*, 2005:117). If perishability would be seen from the service provider’s perspective, the benefits or outcomes derived from the service processes will be clear. Some service processes may even have durable, imperishable effects on an individual’s life (Beaven & Scotti, 1990:9).

In the case with landlords in shopping centres, perishability as a characteristic of services is also relevant. Landlords render a service to tenants by making space available for them to operate their businesses in. If a particular space is not leased out however, it has a negative economical effect on the landlord as the space will be empty and they will lose the leasing fee.

Corrêa *et al.* (2007:449) suggest the “degree of stockability” as the characteristic relating to perishability. This refers to the ability to inventory items needed to deliver the service before demand occurs and also the ability to inventory the service to be delivered. A barber for instance, can have the razor and shampoo available in stock, but the haircuts cannot be stocked. The haircut therefore cannot be separated from the actual service when demanded. They argue that certain goods can also not be stocked before consumption takes place. A restaurant serving coffee for instance is providing a physical good but still cannot stock many coffees ready for consumptions when the demand occurs. They make the point that inseparability of goods does not guarantee that it is possible to build anticipation stocks. It depends on the item’s “degree of stockability” as a function of the maximum time span between possible build up of anticipation stocks and the actual demand, to determine how far in advance anticipation stocks can be built.

It should however, be noted that, because services fall in many places along the continuum that ranges from tangible dominant to intangible dominant, as described in section 3.2.1, the magnitude and subsequent impact that each of these four characteristics have on individual services will vary (Bateson & Hoffman, 2011:57).

## **2.4 QUALITY**

When it comes to customers that have to choose among competing products and services, quality has become one of the most important decision factors (Montgomery, Jennings & Pfund, 2011:2). Quality also plays an important role in assuring the safety of the customers. The phenomenon of quality is widespread and understanding and improving quality are key factors leading to business success, growth and competitiveness (Dale, Van der Wiele & Van Iwaarden, 2009:18; Evans & Lindsay, 2008:9; Kasper *et al.*, 2006:175; Montgomery *et al.*, 2011:2; Sower, 2011:3; Starcke, 2006:80). It is common knowledge that there is a substantial return on investment from improved quality and, from successfully employing quality as an integral part of overall business strategy.

### **2.4.1 The meaning of quality**

Quality has always been a bone of contention. It stemmed a flood of rivalry from large to small businesses, everyone claiming his products' superior quality. Quality can be defined in many ways but Grönroos (1988:11), Montgomery *et al.* (2011:4), Palmer (2008:320), Sower (2011:4) and Sower and Fair (2005:8) feel that it is a complex, multifaceted phenomenon and is often defined too narrowly.

It is however important to have an understanding of the concept quality if businesses have to measure and improve their quality (Dale *et al.*, 2009:4). Quality must also be defined in such a way that it can be assessed and measured (Sower, 2011:5). According to Evans and Lindsay (2008:12) there is no agreement on a universal definition of quality. It is therefore important to understand the various perspectives from which quality is viewed to fully appreciate the role it plays in businesses and the economy at large. The numerous definitions of quality in the literature today results mostly from five major approaches to



defining quality, namely transcendent, product-based, user-based, manufacturing-based and value based. These approaches have their roots in varied disciplines. Although Garvin proposed these different approaches to defining quality in 1984, its relevance for defining quality is apparent given its continued use in guiding research in this area and the inclusion thereof in several current textbooks and research articles (Evans & Lindsay, 13-15; Ivanović & Majstorović, 2006:414; Kasper *et al.*, 2006:177-180; Kaya & Özer, 2009:671; Lovelock & Wirtz, 2011:383-384; Mitra, 2008:7; Sebastianelli & Tamimi, 2002:443-445; Sower, 2011:10; Sower & Fair, 2005:8; Stiglingh, 2008:32-36). It is the opinion of Garvin (1984) that multiple definitions of quality are needed, not only to capture the complexity of the quality concept, but to enable firms to address quality issues that change as products and services move through the various stages of design, production and marketing. These five different approaches of understanding quality is a good summary of the different ways quality is viewed. It also provides a framework for appreciating some of the problems associated with service quality (Kasper *et al.*, 2006:177).

#### **2.4.1.1 The transcendent approach**

This approach is also called the philosophical approach and the advocates of this approach claim that quality cannot be defined precisely but can only be recognised through relevant experience (Garvin, 1984:25). This approach borrows heavily from Plato's view of beauty. Philosophers that consider beauty to be "logically primitive" also consider other such constructs, like quality, to be understood only after one is exposed to several objects that display its characteristics. In relation to services for instance, it could be possible for a customer to say that one service experience was better than the next service experience but will not be able to explain why (Kasper *et al.*, 2006:177). Nevertheless, quality is described by the same advocates of this approach as both absolute and universally recognisable, a mark of uncompromising standards and high achievement (Garvin, 1984:25). Sower and Fair's (2005:8) view with regard to the transcendent approach, is that it is fundamentally the most important approach when thinking about quality, especially in the quality of breakthrough products and services designs.

Schneider and White (2004:10) criticise this view and argue that this approach is useless from a research point of view because quality, from a philosophical perspective, is not understandable and cannot be measured. Evans and Lindsay (2008:13) and Lovelock and Wirtz (2011:383) also believe that a definition from this perspective is of little practical value to managers and it cannot be assumed that managers or customers will know quality when they see it. Quality cannot be measured or assessed as a basis for decision making by using this approach.

#### **2.4.1.2 The product-based approach**

An example of the product-based approach of defining quality is the definition of Parasuraman *et al.* (1985:41): “quality is zero defects – doing it right the first time”. In contrast with the transcendent-based view, product-based definitions view quality as a precise and measurable variable (Garvin, 1984:25). According to this approach, the differences in the quantity of a specific component or attribute that is part of a product or service, determine the differences in its quality. This, in other words, implies that “more” on the attribute is “better”. It will however only be possible to make a clear-cut ranking of the quality of the product or service if all the consumers consider the attributes in question as important (Garvin, 1984:26). There are various problems to this approach. Firstly, incurring higher costs will be the only way to improve quality. The production of attributes is considered costly and quite often quality is mistakenly considered to be related to price. It can therefore be assumed by many that, the higher the price, the higher the quality of the product or service would be (Evans & Lindsay, 2008:13). Secondly, quality is not viewed as something ascribed to a product or service, but rather as an inherent characteristic of it. Because the presence or absence of measurable attributes in the product or service will be a reflection of the quality, it can be assessed objectively and is based on more than only preferences (Garvin, 1984:27).

This approach in the opinion of Klaus (1985:21) is not suitable in a service encounter environment. Juran (1988:4) sees the primary goal of measuring service performance by making use of the product-based approach, is usually working towards becoming equal or superior to competitors with regard to the quality of competing services. From this viewpoint, the product-based approach can be suitable for the measuring of service quality

in a landlord-tenant relationship in shopping centres, because shopping centres compete against each other in relation with attracting and keeping suitable tenants. Kasper *et al.* (2006:178) however feel that it is problematic to compare the characteristics of services “side by side” because one cannot experience two similar services at the same time and because many service attributes are not identifiable. They further point out that even if all the attributes of the service that were assessed could be identified, the assessment would not be complete until the service ended, or the service benefit was finally revealed. A tenant can for instance not lease a premise in one shopping centre and “try out” the service they receive from the landlord and then decide to move to another shopping centre. If they lease space in a shopping centre, they would be bound by the leasing contract for quite some time before they can cancel the contract.

#### **2.4.1.3 The user-based approach**

Juran, Gryna and Bingham’s (1974:16) definition of quality is consistent with the user-based approach. He defines quality as “fitness for use, the extent to which the product successfully serves the purpose of the user during usage”. This approach means that those goods and services that consumers consider the best to satisfy their needs are those that they regard as having the best quality. In other words “quality lies in the eyes of the beholder” (Garvin, 1984:27). This is a highly personal and subjective view of quality. The quality of a service is judged to be high when customers say it is, but this does not necessarily mean that the service conforms to technical criteria (Berry *et al.*, 1988:35; Grönroos, 1988:11; Juran, 1988:5; Schneider & White, 2004:10).

This approach is close to definitions cited by various researchers in the literature. Monroe and Krishnan (1985:212) define quality as “the perceived ability of a product or service to provide satisfaction ‘relative’ to available alternatives”. Parasuraman *et al.* (1985:41) define quality as meeting customers’ expectations and Edvardsson (1988:430) sees quality as finding out what creates value to the customer and then offering it. This will require the service provider to have a deep understanding of the customer and to define their needs correctly, or otherwise high quality can never be achieved. Townsend and Gebhardt (1988:7) mention “quality in perception” as one of the elements of quality, meaning that it would be high quality when the product or service being offered meets customers’

expectations. Gummesson (1988:15) points out that the customer may understand his needs better than the manufacturer or the service provider and therefore the customer has to define quality. Peters (1999:6) is of the opinion that quality, to a great degree, is what the customer says it is. Lehtinen (in Edvardsson, 1988:430) differentiates between process quality and output quality. Process quality is when the customer is judging the quality during the service encounter, while output quality concerns the result of what the customer has received and is judged afterwards. Grönroos (1988:11) pointed out that customers often perceive quality as a broad concept where the quality experience is dominated by non-technical aspects. He also emphasises that it is essential that quality in a business has to be defined in the same way that customers would define it and that the quality as it is perceived by the customers is most important.

This approach has led to the notion of “ideal points” which is described by Garvin (1984:27) as “precise combinations of product attributes that provide the greatest satisfaction to a specified consumer”. There are especially three important questions that are asked when considering this concept. The first is whether this is practical, namely how to take all the widely varying individual preferences of customers and combine them to come up with a meaningful definition of quality that will suit everyone (Kasper *et al.*, 2006:178). The second is more elementary, namely how to distinguish those product attributes that imply quality from those that simply maximise customer satisfaction (Garvin, 1984:27). A third question that should be considered is how to cope with the fact that consumers’ perceptions and priorities change over time (Takeuchi & Quelch, 1983:141; Boulding, Kalra, Staelin & Zeithaml, 1993:9). The first problem, namely practicality, can usually be resolved by assuming that those quality products or services that best meet the needs of the majority of consumers can be considered to be the best quality. This can, however be problematic because each individual do not necessarily attach the same weights to quality characteristics, making it difficult to devise an unbiased statistical procedure for aggregating such widely varying preferences (Garvin, 1984:27). The second, more elementary question is whether quality is similar to customer satisfaction. As discussed in section 2.2 the constructs of quality and satisfaction, although they are related, are by no means identical. A product or service that meets or exceeds customer satisfaction is regarded to be preferred to one that meets fewer needs, but the quality is not necessarily also better (Garvin, 1984:27). The third problem of how to cope with the

changing perceptions and priorities of consumers, is simply for service providers to do their market research and to familiarise themselves with their customers' changing needs (Edvardsson, 1988:430).

Despite the various shortcomings of the user-based approach, the importance of this approach is summarised by Boothe (1990:65) as follows: "In the uncertain world of providing services, one thing is certain: the customer defines quality".

#### **2.4.1.4 The manufacturing-based approach**

Virtually all definitions that are part of this approach identify quality as "conformance to requirements" (Crosby, 1979:7). At the core of this approach is the notion that any deviation from predetermined specifications would imply a reduction in quality and the objective of any business should therefore be one of "making it right the first time" (Garvin, 1984:27). The main difference between this approach and the product-based approach is that the definitions in the former approach are related to the delivered service and the definitions in the latter approach are linked to concept design. Because this approach is seen as a fairly objective way of measuring quality, it has a place in measuring the technical outcomes of services experiences, such as the correctness of tenant rent statements issued by landlords in shopping centres. Time can also be used as an example of quality service. Centre management sets for instance predetermined standards with regard to the periods allowed for certain services (concept design), which implies that the manufacturing approach would define quality as conformance with these standards. The present research uses partly the manufacturing approach to define quality as the conformance of the particular shopping centre with industry norms.

The manufacturing approach however, cannot be the only approach used to measure the quality of the services rendered by the various shopping centre management. For example, the product attribute of reaction time of centre management to a tenant complaint can for instance be one hour. Based only on this information, it cannot be judged whether this is good quality service or not, but the manufacturing approach of defining quality could result in a situation in which employees strive to achieve this standard. Centre management may try to conform to the standard set regarding the

reaction time to deal with a complaint, but in trying to do so, may be in such a hurry that they deal with the complaint not fully prepared and inadequately.

#### **2.4.1.5 The value-based approach**

With this approach, quality is defined in terms of costs and prices. Feigenbaum (1951:10) for instance, define quality as value. Advocates of this view, define a quality product or service as one that provides performance at an acceptable price or conformance at an acceptable cost (Garvin, 1984:28). Consumers are prepared to pay more for services if they view the value as higher than that of other available services but, they have their own personal assessments of what they receive in relation to the price they are willing and able to pay (Edvardsson, 1988:431). The two related, but distinct concepts of quality, which is a measure of excellence, and value, which is a measure of worth, are equated. This blending of the two concepts makes it difficult to employ the value-based approach in businesses (Garvin, 1984:28). The rent that small business tenants in shopping centres pay is market-related and therefore “affordable,” but it is not necessarily linked to value as well. It is common knowledge that the small business tenants in shopping centres pay far more rent per square meters than the big anchor stores. Although they pay more per square meter for a much smaller space than the big anchor stores, the small business tenant does not receive more value than the anchor store (the opposite is in fact often true). This approach to define quality is therefore not suitable for the present research.

While it may be possible to determine tenant satisfaction in general with the services they receive from their centre management in exchange for the rent they pay, the present research seeks to assess the perceptions of small business tenants. By implication, the connection between the rent that small business tenants pay and the service they receive is absent. The cost versus the benefit measure is more likely to determine whether the efficiency of the centre management will enable them to recover the cost of their time from the small business tenant in full.

## 2.4.2 Concluding remarks on quality

The various existing definitions of quality in the literature usually fall into one of these approaches discussed above. There are basically two major approaches that practitioners and researchers would advocate, namely technical quality definitions or user-based definitions. Technical quality definitions, based on the product-based- and the manufacturing-based approaches, are usually associated with the production process and focus therefore on the supply side of the equation. User-based definitions, on the other hand, are rooted in consumer preferences and incorporate subjective elements. These seemingly conflicting views of defining quality is not necessarily problematic. Although there is potential that these different views can cause serious breakdowns in communication, businesses need to encourage it in order to provide a high quality product or service (Garvin, 1984:29). Irrespective of the preferred approach however, Garvin (1984:29) adds that the characteristics that represent quality should first be identified. This can best be done by thorough market research of customers (a user-based approach to quality) and then to translate this into identifiable products or service attributes (a product-based approach). The next step should then be a manufacturing-based approach to quality, namely to manufacture a product made precisely to these specifications (Edvardsson, 1988:430; Garvin, 1984:29; Takeuchi & Quelch, 1983:139).

For evaluating the quality of services, which are in essence intangible, the user-based approach is better to use than an objective checklist approach. According to Schneider and White (2004:11) technical approaches are more suitable to measure the quality of the “what” of services, while user-based approaches are more suitable to the “how” of services.

The user-based approach will predominantly be used for the present research, although the principles of the manufacturing approach and some aspects of the product-based approach will also be incorporated to ensure that the full spectrum of quality, as perceived by the small business tenants in shopping centres, is captured in the proposed service quality model.

## 2.5 CONCLUSION

The differences between the two constructs, **service quality** and **customer satisfaction** were discussed. The present study is concerned with using a service quality model for the evaluation of the services of shopping centres to their small business tenants and therefore the service quality construct will be measured.

Although it appears from the literature reviewed, that **services** and **quality** are not so easy to define, an attempt was made in this chapter to analyse and describe these phenomena. The differences between goods and services were analysed with special reference to their characteristics, the possible influence of these characteristics on the measurement of service quality and the criticism in the literature on each of these characteristics were discussed. The measurement of service quality is, in some way or the other, influenced by these characteristics, namely intangibility, inseparability, heterogeneity and perishability.

An attempt was also made to get a better understanding of the concept of **quality**. This was done from the viewpoint of the various approaches used by various researchers. From this analysis, it was found that the user-based approach is the most suitable approach for the present research. Some features of the product-based- and manufacturing-based approach will also be considered.

In the next chapter the constructs of service quality and service quality measurement will be analysed in more detail. An analysis will also be made of the different service quality models proposed by researchers and a suitable model will be chosen to measure the perceived service quality of small business tenants in shopping centres.



## CHAPTER 3

### SERVICE QUALITY

#### 3.1 INTRODUCTION

The two separate constructs of “services” and “quality” were analysed in Chapter 2 where “services” was defined with regard to the inherent characteristics of the particular service and “quality” was defined by making use of predominantly a user-based approach. It is also evident from the previous chapter that service quality is a complex and ephemeral concept. It is recognised by businesses that improving service quality is an essential strategy for success and survival in today’s competitive economic environment. It is apparent from the literature that the provision of high service quality enables a company to be competitive and, contributes to their productivity and profitability. It increases cash flow and shareholder value, gives businesses a better chance of success, enhances customer satisfaction, increases the willingness of customers to positively talk about the service provider, decreases customer defection and enhances customer loyalty (Bateson & Hoffman, 2011:326; Baumann *et al.*, 2007; Carr, 2007:107; Carrilat *et al.*, 2009:96; Chen *et al.*, 2009:49; Ehigie, 2006; Kassim & Souiden, 2007; Kelkar, 2010:421; Kersten & Koch, 2010:196; Lee *et al.*, 2007:2; Madhavaram & Hunt, 2008:67; Talib & Rahman, 2010:363; Von Freymann & Cuffe, 2010:406; Wiles, 2007:27; Yoo & Park, 2007:920). The benefits of high service quality also go beyond economic indicators and have a positive social outcome as well, in that it improves communities’ quality of life (Dagger & Sweeney, 2006:12; Lee *et al.*, 2007:2; Young, 2008:4).

Like many businesses, landlords are also being subjected to increased competitive pressures of the changing business environment. Landlords increasingly realised that their tenants should be treated as valued customers and that it is very important that they should meet their needs (Pinder *et al.*, 2003:218). In order to achieve the objective of this research, namely to measure service quality by making use of a service quality model that can be used as a framework to establish the perceptions that small business tenants in

shopping centres hold with regard to the services the landlord provides, it is necessary to have a thorough understanding of the construct of service quality. As it has been established beyond doubt that any quality initiative has to begin with a proper definition followed by suitable measurements, this chapter investigates service quality and how to measure service quality by focusing on service quality models.

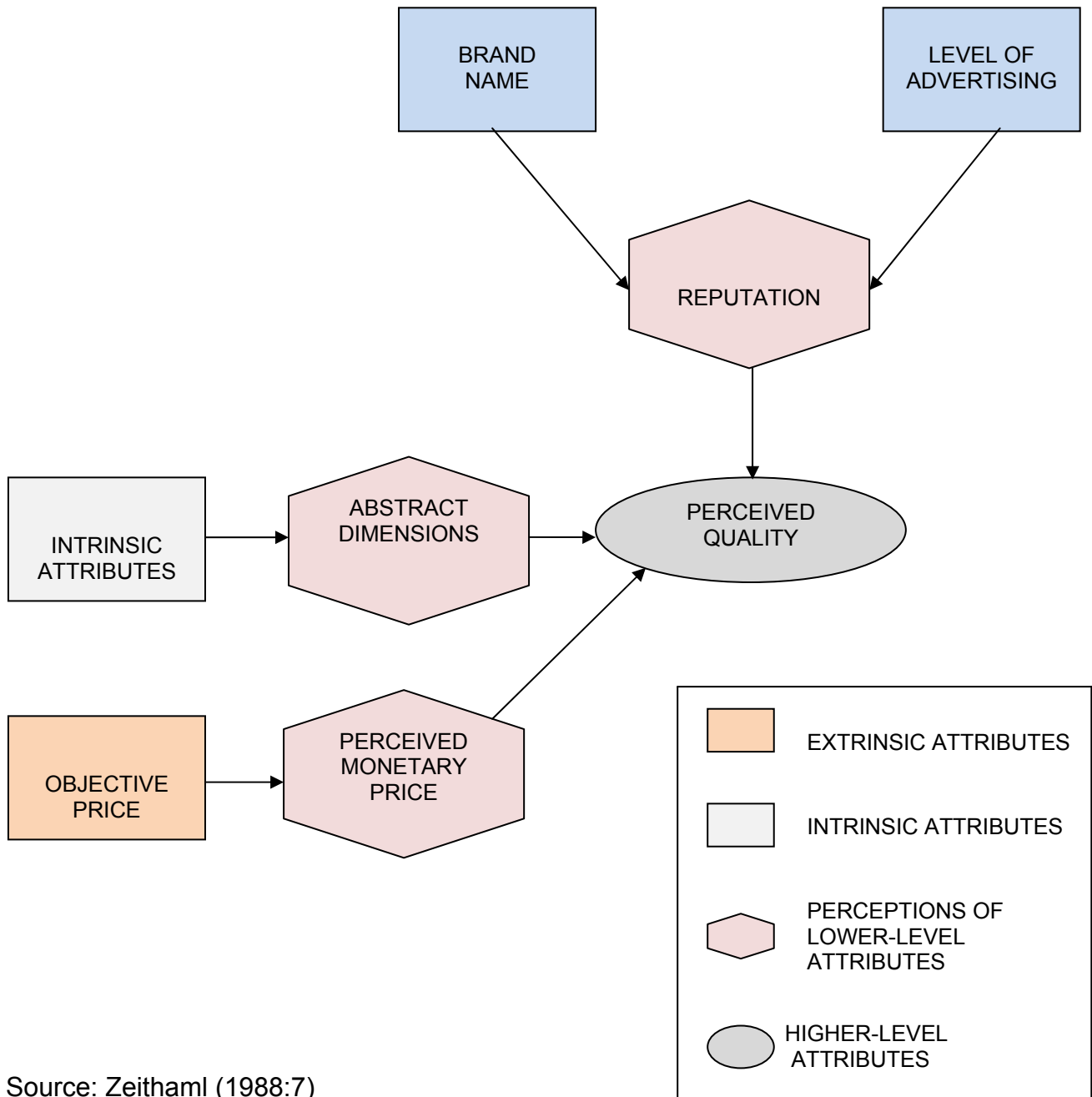
### 3.2 THE CONCEPT OF PERCEIVED QUALITY

In Chapter 2, reference was made to the difficulty in defining the concept “quality”. The point of view from which many of these definitions were formed is from the so-called “objective quality” perspective. This is a concept used to describe the actual technical superiority or excellence of products and is determined and controlled by the service provider (the product based- and manufacturing based approaches). The judge of quality, however, has always and will always be the customer. The customer judges the quality and his/her perceptions create an image of good or bad quality. This statement is supported by Grönroos (1988), Parasuraman *et al.* (1986), Schneider and White (2004) and Zeithaml (1988) where they express a preference for the concept “perceived quality”. They feel that this will overcome some of the problems and difficulties associated with the “objective quality” approach. The reasoning is that objective quality might possibly not even exist, because those dimensions which are frequently described as objective dimensions of quality are also those elements which are perceived as quality by a person, in other words, a subjective evaluation. What this implies is that, even if quality standards or specifications are set against which the so-called objective quality can be evaluated, these standards are indeed formulated by managers (people) according to their personal perceptions of quality. It can therefore be argued that all quality evaluations in effect are subjective. Parasuraman *et al.* (1986:3) define perceived quality as “the customer’s judgement about a service’s overall excellence or superiority”. Zeithaml (1988:3-4) adds that perceived quality also:

- differs from objective or actual quality;
- has a higher level abstraction rather than a specific attribute of a product;
- is a global assessment that in some cases resembles attitude; and
- is a judgement usually made within a customer’s evoked set.

The factors that influence perceptions of quality are depicted in Figure 3.1.

**Figure 3.1: The perceived quality component**



Source: Zeithaml (1988:7)

Figure 3.1 above shows that customers' perceptions of quality are influenced by extrinsic attributes (brand name and level of advertising), intrinsic attributes, and perceptions of lower-level attributes (perceived monetary price and reputation).

Services are still regarded by many to be vaguely defined and described, hence it has led many researchers to use perceived quality to describe and define service quality, rather than to attempt to employ objective measures for this purpose.

### 3.3 SERVICE QUALITY DEFINED

There is general consensus amongst researchers and practitioners that service quality is an elusive and abstract concept that is difficult to define and measure (Bateson & Hoffman, 2011:324; Kasper *et al.*, 2006:175; Kotler & Armstrong, 2010:272; Parasuraman *et al.*, 1985:41; Sower, 2011:8). What is also apparent, is the fact that increases in quality have numerous benefits and can have a dramatic impact on a business's survival (Bateson & Hoffman, 2011:326; Baumann *et al.*, 2007; Ehigie, 2006; Hollensen, 2010:395; Kasper *et al.*, 2006:176; Kassim & Souiden, 2007; Kelkar, 2010:421; Madhavaram & Hunt, 2008:67; Talib & Rahman, 2010:363; Von Freymann & Cuffe, 2010:406, Wiles, 2007:27). It is mainly for this reason that ongoing research and much debate is done in the field of service quality and in service quality measurement. The debate revolves mainly around two competing perspectives, termed the Nordic (Scandinavian or European) and the American schools. The Nordic school defines service quality using overall categorical terms that include the aspects of technical- and functional quality. The American school on the other hand, uses descriptive terms and includes *inter alia* the five dimensions of reliability, responsiveness, assurance, empathy, and tangibles (Brady & Cronin, 2001:44; Pollack, 2009:42). Although both schools of thought highlight important aspects of service quality, it still seems from the literature that there is no consensus that these definitions fully capture the essence of the construct. For this reason, it is important to review several different perspectives, both old and new, and from several different conceptual and empirical approaches.

Definitions of service quality in the literature focus primarily on meeting customers' needs and requirements and how well the delivered service meets customers' expectations (Bateson & Hoffman, 2011:327; Berry *et al.*, 1985:46; Grönroos, 1984:36; Kasper *et al.*, 2006:183; Yoo & Park, 2007:912; Zeithaml, Parasuraman & Berry, 1990:2). These definitions are in line with the user-based approach discussed in section 2.4.1.3. Differences between expected and perceived performances give rise to disconfirmation, which can be either positive or negative. This is often termed the "disconfirmation

paradigm'. Expectations in this context are based on individual norms, values, wishes and needs and are therefore very individualistic (Kasper *et al.*, 2006:184). Customer expectations are beliefs about the service that serve as standards or reference points against which quality is judged (Wilson *et al.*, 2008:155). Whether or not these expectations are met by the service provider will have a crucial bearing on their perceived service quality (Bateson & Hoffman, 2011:327; Kasper *et al.*, 2006:183). It should be noted though, that the expectations between two individuals are not necessarily identical, even if the service delivery is absolutely identical. The perceived service quality of the service is therefore also not necessarily identical (Kasper *et al.*, 2006:184). Changing personal circumstances such as income levels, educational achievement or increasing aspiration levels may also change an individual's expectations over time.

Expectations are also affected by the interaction of a person with for instance, the media, the service provider, other customers, and observation of specific situations (Kasper *et al.*, 2006:184). In relation to the services provided by the landlord to small business tenants in shopping centres, these "personal circumstances" mentioned above, may play a minor role in the perceived service quality the small business tenants receive from their landlords. The small business tenants' circumstances, experiences and needs may be quite similar to one another. They are all leasing from the same landlord and are all "small" businesses with their own unique needs and challenges.

Grönroos (1984:36; 1988:10) was amongst the first researchers that call for conceptual models of service quality in order to understand the concept better. He believes that these models will show how the quality of services is perceived by customers. He argues that it will subsequently be possible for the service provider to manage perceived service quality evaluations by customers if they understand how the services will be evaluated by them. Conceptual service quality models can be very useful as they provide an overview of the factors which have the potential to influence the service quality of a business and to identify quality shortfalls (Ghobadian, Speller & Jones, 1993:56; Philip & Hazlett, 1997:263; Seth, Deshmukh & Vrat, 2005:914). A model will attempt to show the relationship that exists between prominent variables and can be seen as a simplified description of the reality (Ghobadian *et al.*, 1993:56; Seth *et al.*, 2005:914). Over the past approximately 15 years, at least 30 industry-specific scales and models of service quality

have been published in the literature on service quality (Ladhari, 2008:65). These conceptual models and scales were used by several authors in an attempt to define and describe service quality, including, among others, Abdullah, Suhaimi, Saban and Hamali (2011), Boulding *et al.* (1993), Brady and Cronin (2001), Cronin and Taylor (1992), Dabholkar *et al.* (2000), Gaster and Squires (2003), Grönroos (1984, 1988), Haywood-Farmer (1988), Kang and James (2004), Lehtinen and Lethtinen (1991), Parasuraman *et al.* (1985, 1986, 1988), Parasuraman, Berry and Zeithaml (1991a), Parasuraman, Zeithaml and Malhotra (2005), Rust and Oliver (1994), Philip and Hazlett (1997), Rust Zahorik and Keiningham (1995), Santos (2003), Senthilkumar and Arulraj (2011), Speller and Ghobadian (1993b), Zeithaml, Parasuraman and Malhotra (2002) and Zhu, Wymer and Chen (2002). A more in-depth analysis of several of these models is necessary and thirteen of these models will be investigated next.

### **3.4 A REVIEW OF SELECTED SERVICE QUALITY MODELS**

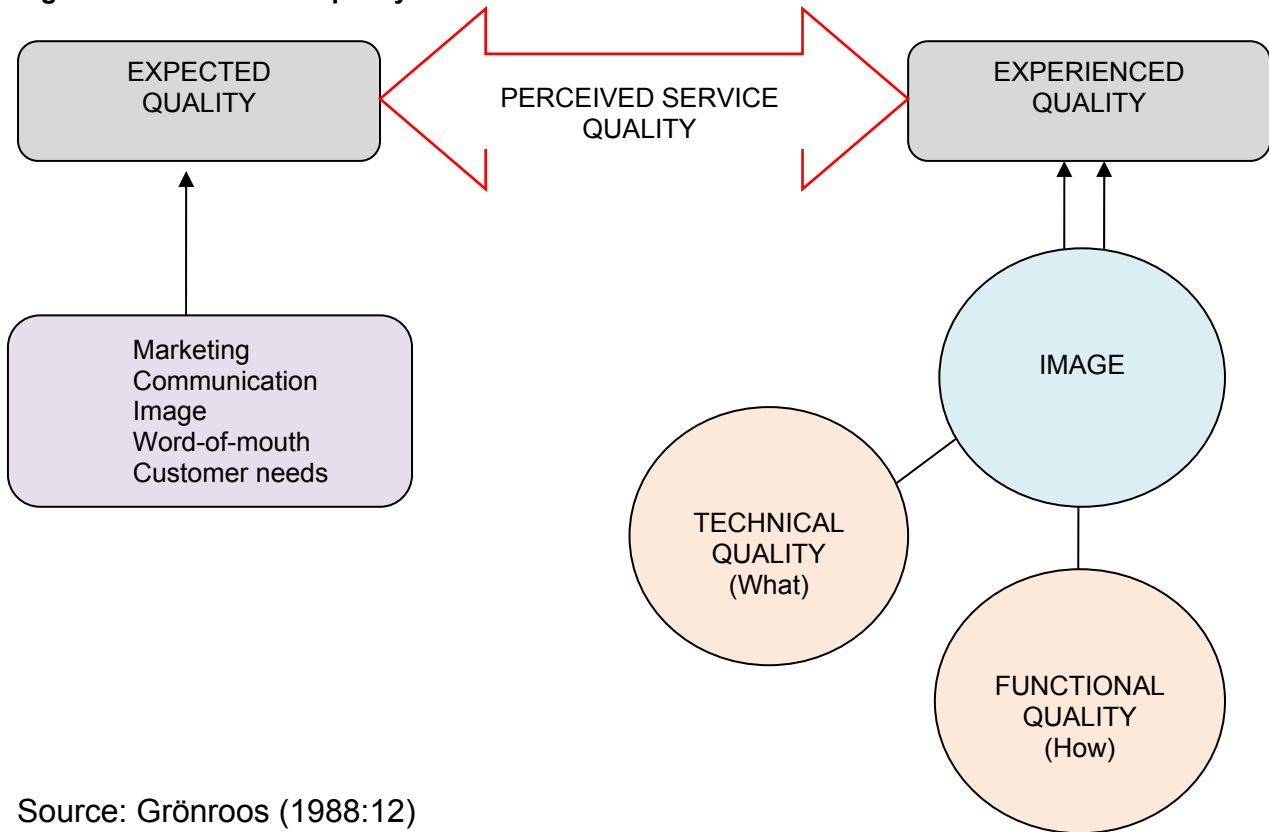
As mentioned, the difficulty of defining and conceptualising the service quality construct has compelled researchers to develop models for better comprehension of this phenomenon. In this section, some of the attempts to propose models of service quality will be reviewed briefly.

#### **3.4.1 The Grönroos service quality model**

Grönroos (1984:36), one of the leaders in the Nordic school of thought with regard to the service literature, states that a proper conceptualisation of service quality should be customer-based (Grönroos, 1984:36). The customer's perceptions of service quality are therefore the main feature in his service quality model and secondly, the determinants of what influence service quality are also included. The model emphasises (see Figure 3.2) that the interaction between the buyer and seller in a service setting is as important as the eventual outcome. The basic principle in his model is that service quality is dependent on the comparison of two variables: the expected service from customers and the actual service as perceived by them (Grönroos, 1984:36). The outcome of this comparison process will then be the perceived quality of the service (Figure 3.2 on the next page illustrates this model). It should be noted however, that this model measures service

quality through performance scores only after recognising the difficulties in making independent measurements of customer's expectations.

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



Source: Grönroos (1988:12)

Grönroos (1988:11) suggests that performance evaluations comprise of two dimensions, namely a technical or outcomes dimension and a functional or process-related dimension. It will not only be the outcome of a service (technical dimension), but also the manner in which a service is performed (functional dimension) that exert an influence on the customers' perception of a service, although the latter will be based on a rather subjective evaluation. The outcome (technical dimension) of a service can normally, but by no means always, be measured by the customer in an objective manner. An example of the technical dimension of the service production process relating to landlord-small business tenant relationship in shopping centres might be the issuing of lease statements to tenants. In this context possible measures of service quality include the level of accuracy with which the data is captured and the timely manner of the process.

According to Grönroos' (1988:11) view, the tenants' perception of overall quality in this regard can also be influenced by the way in which the technical quality, the end result of the process, is offered to them. The lease statements that tenants for instance receive can also be judged by the tenants in relation to the format or ease of understanding of it. The way in which the landlord reacts and behaves if tenants have queries about their statements can also be regarded as part of the functional performance of the service. The technical service provided by the landlord can therefore be similar between several shopping centres but the functional quality (the manner in which the service is performed) is what gives the competitive edge.

Figure 3.2 also shows that Grönroos (1984:39) believes that a third dimension, namely a firm's corporate image, exerts an influence on perceived service quality. Several factors can influence this image, like the technical and functional quality, price, external communications, physical location, appearance of the site and the competence and behaviour of service firms' employees (Ghobadian *et al.*, 1993:51). Grönroos (1984:40) also points out that, if a customer has a positive image of a business (because of one or more of the abovementioned reasons for instance) the customer will tend to find excuses for negative technical or functional quality. If the negative experience with quality however, continues, that person's image of the service provider will deteriorate. In the same way, a negative image may easily increase perceived problems with service quality. In the case of service quality perception, the service provider's image can be regarded as a filter (Grönroos, 1984:43; 1988:12).

It is important to note that these various quality dimensions are interrelated (Grönroos, 1984:43). It can be argued that acceptable technical quality can be thought of as a prerequisite for successful functional quality. Grönroos (1984:41) found that, as long as the technical quality dimension is at least satisfactory, functional quality is more important to overall perceived service quality. Where there is no technical quality to talk of however, functional quality alone will not be able to compensate for this (Czepiel, Solomon, Surprenant & Gutman, 1985:13). Functional quality can however not be affected by the satisfaction with the technical service quality (Czepiel *et al.*, 1985:13).



Later, Grönroos (1988:13) adds to the model by including six criteria of good perceived service quality, based on previous empirical and conceptual research and existing knowledge on how service quality is perceived. He classifies each of these six criteria into his three-dimensional service quality model. The first of these criteria, professionalism and skills, is outcomes-related and is therefore a technical quality dimension. The last criterion, reputation and credibility, is image related and will fulfil a filtering function. The other four criteria, namely attitudes and behaviour, accessibility and flexibility, reliability and trustworthiness, and recovery, are all process-related and represent therefore the functional quality dimension (Grönroos, 1988:13).

Many aspects of the model proposed by Grönroos (1984; 1988) have been generally accepted, especially the way in which customers perceive quality. The model has been applied by *inter alia* Kang and James (2004) and Lasser, Manolis and Windsor (2002). There is however, some criticism on the model, especially with regard to three aspects. Bernardt and Shostack (in George & Gibson, 1988:4) argue firstly, that the dimensions of technical and functional quality do not describe all the elements of a service adequately. Secondly, they believe that neither of the two dimensions should enjoy preference over the other. Their third concern is that, because the model is based primarily on services in which human interaction takes place, it will not be able to adequately accommodate services in which physical and technological elements play an important role.

With regard to this research study, it can be concluded that image as proposed by Grönroos (1984; 1988) will not play an important role in the landlord-small business relationship in shopping centres. Small business tenants may initially consider image when they choose a location for their business, but after that, image will not play a significant role in their perceived service quality. If the image of the shopping centre as a whole deteriorates in future and influence their businesses negatively, the tenants may choose to relocate to another shopping centre.

### **3.4.2 The SERVQUAL model of service quality**

It is rare to read through a service quality research article or text book without any mention of the SERVQUAL model of Parasuraman, Zeithaml and Berry (1986). SERVQUAL is

without a doubt the most widely used and tested method to measure customers' perceptions of service quality (Bateson & Hoffman, 2011:334; Carrillat, Jaramillo & Mulki, 2007:473; Chau & Kao, 2009:109; Gilmore & McMullan, 2009:646; Kang *et al.*, 2002:280; Kasper *et al.*, 2006:188; Kueh & Voon, 2007:659; Ladhari, 2008:67). It has been widely cited in the marketing and retailing literature and its use in industry has also been widespread.

The SERVQUAL scale was developed following procedures recommended for developing valid and reliable measures of marketing constructs (Asubonteng, McCleary & Swan, 1996:64; Brown, Churchill & Peter, 1993:129). The article in 1985 that set the scene for SERVQUAL, conceptualised service quality as a gap between customers' expectations and perceptions (Parasuraman *et al.*, 1985). They conducted an exploratory study to investigate the concept of service quality. Interviews with business executives from four different service industries were conducted and these interviews led them to conclude that there are discrepancies (gaps) between what management believes service quality constitutes and what customers believe service quality is. This set of gaps was seen as the major obstacles in attempting to deliver a service which customers perceive as being of high quality (Parasuraman *et al.*, 1985:44). These gaps are illustrated in Figure 3.3 on the next page.

### **Gap 1: Customer expectation – management perception gap**

There are inconsistencies between customer expectations and management perceptions of those expectations. Managers of service organisations may not always understand what features indicate high quality to customers, what features a service must have in order to meet customers' needs, and what the level of performance on those features should be to deliver high quality service. As a result, customers' service quality perceptions may be affected (Parasuraman *et al.*, 1985:44).

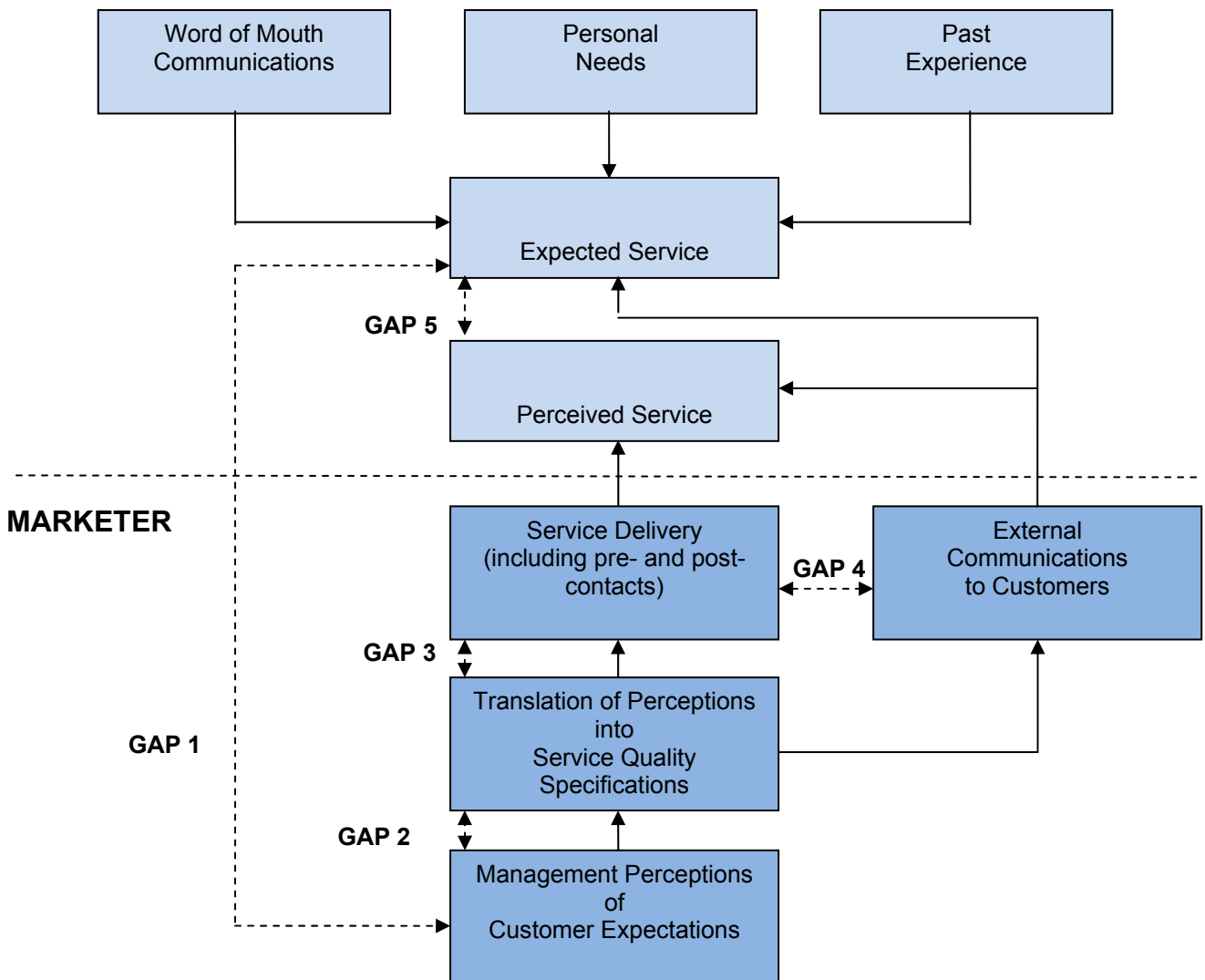
### **Gap 2: Management perceptions – service quality specification gap**

The gap between management perceptions of customer expectations and the actual specifications established for a service may occur as a result of resource constraints,

market conditions and a lack of management commitment to service quality. This discrepancy may affect the service quality perceptions of customers (Parasuraman *et al.*, 1985:44).

Figure 3.3: Service quality – identification of gaps

**CUSTOMER**



Source: Parasuraman *et al.* (1985:44)

**Gap 3: Service quality specifications – service delivery gap**

Although firms may have formal standards or specifications for maintaining service quality, it may be difficult to adhere to these standards because of variability in employee

performance (Parasuraman *et al.*, 1985:45). This will affect service quality from the customer's point of view.

#### **Gap 4: Service delivery – external communications gap**

This gap in the discrepancies between service delivery and what the organisation promises through external communications and/or the absence of information about service delivery aspects may affect customer perceptions of service quality (Parasuraman *et al.*, 1985:46).

#### **Gap 5: Expected service – perceived service gap**

Gap 5, the most important gap, can be regarded as a function of the first four gaps and Parasuraman *et al.* (1985:46) argue that there is indeed a relationship between Gap 5 and the first four gaps. The quality that a customer perceives in a service is a function of the magnitude and direction of the gap between expected service and perceived service (Parasuraman *et al.*, 1985:46).

In order to manage service quality, it will therefore be important to manage the gaps that exist between expectations and perceptions on the part of management, employers and customers (Zeithaml & Bitner, 2003:25). By referring to the gap model (see Figure 3.3) the service provider should close Gap 5, but in order to do so, the four other gaps that inhibit delivery of quality service within the organisation should be closed (Bateson & Hoffman, 2011:328; Lau, Akbar & Fie, 2005:48).

Since service quality is considered as a multi-dimensional construct, Parasuraman *et al.* (1985:46-47) also identified ten key service dimensions (see Table 3.1 on the next page). They recognised that regardless of the type of service, customers basically use similar criteria in evaluating service quality.

Table 3.1 is presented on the next page.

**Table 3.1: Determinants of service quality**

Determinant	Example of evaluative criteria
Tangibility	Appearance of physical facilities and personnel
Reliability	Performing services right the first time
Responsiveness	Willingness and ability to provide prompt service
Communication	Explaining service to customers in a language they can understand
Credibility	Trustworthiness of customer-contact personnel
Security	Confidentiality of transactions
Competence	Knowledge and skill of customer-contact personnel
Courtesy	Friendliness of customer-contact personnel
Understanding/ Knowing customers	Making an effort to ascertain a customer's specific requirements
Access	Ease of contacting service

Source: Parasuraman *et al.* (1986:6-7)

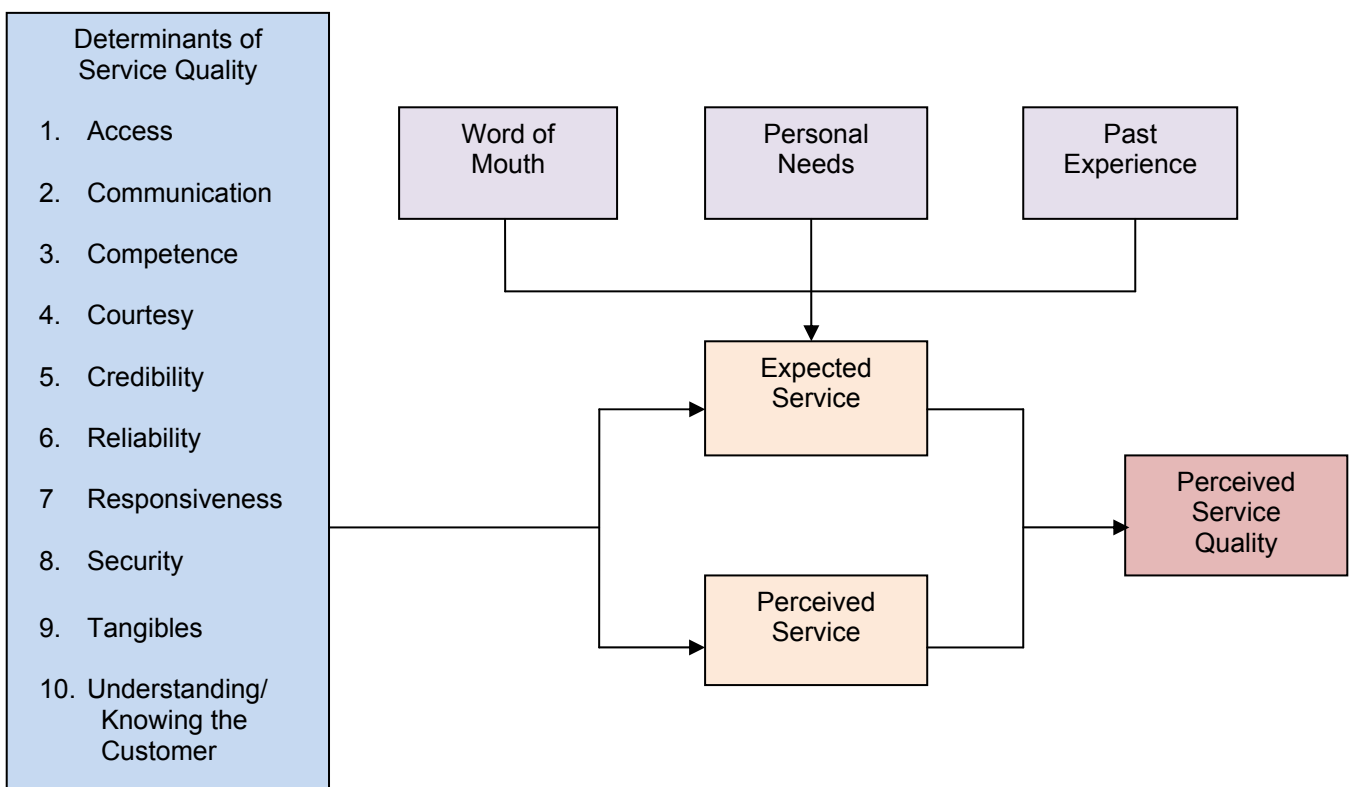
As seen in Table 3.1, only two of the determinants, namely tangibles and credibility, can be known in advance of purchase, thereby indicating that the number of search properties is few. Access, courtesy, reliability, responsiveness, understanding/knowing the customer and communication are seen as experience properties and was mentioned by most of the participants in the study. Only when the customer is purchasing or consuming the service, can each of these properties be known to them. (Parasuraman *et al.*, 1985:48). It was also noted that two of the determinants that surfaced in the focus group interviews will most likely fall into the category of credence properties (properties that customers cannot evaluate even after purchase and consumption). These include competence (the possession of the required skills and knowledge to perform the service) and security (freedom from danger, risk or doubt). Parasuraman *et al.* (1985:48) indicate that customers will typically rely on experience properties when evaluating service quality because credence properties are too difficult to evaluate and only a few search properties exist with services.

With insights from their study, Parasuraman *et al.* (1985:48) state that perceived service quality can be positioned along a continuum ranging from ideal quality to totally unacceptable quality. Satisfactory quality will lie at some point along this continuum. Where a customer's perception of service quality will be positioned on this continuum depends on the nature of the discrepancy between the expected service (ES) and perceived service (PS):

- when  $ES > PS$ , perceived quality is less than satisfactory and tends toward totally unacceptable quality, with an increased discrepancy between ES and PS;
- when  $ES = PS$ , perceived quality is satisfactory;
- when  $ES < PS$ , perceived quality is more than satisfactory and tends toward ideal quality, with an increased discrepancy between ES and PS (Parasuraman *et al.*, 1985:48).

Figure 3.4 below illustrates that perceived service quality is the result of the customer's comparison between the expected service and the perceived service.

**Figure 3.4:** Determinants of perceived service quality



Source: Parasuraman *et al.* (1985:48)

Parasuraman *et al.* (1988) have refined their exploratory research done in 1985 with the subsequent scale named SERVQUAL for measuring customers' perceptions of service quality. The original ten dimensions as identified by them in 1985 were collapsed into five dimensions, namely **reliability**, **responsiveness**, **assurance**, **tangibles** (tangibles include the original communication, competence, credibility, courtesy and security) and **empathy** (which includes the original access and understanding/knowing the customers).

The refined determinants of service quality are shown in Table 3.2 and will be briefly discussed below the table.

**Table 3.2: Refined determinants of service quality**

Determinant	Examples of evaluative criteria
Reliability	Ability to perform the promised service dependably and accurately
Responsiveness	Willingness to help customers and provide prompt service
Assurance	Knowledge and courtesy of employees and their ability to convey trust and confidence
Tangibility	Appearance of physical facilities, equipment, written materials and personnel
Empathy	Caring, individualised attention the firm provides its customers

Source: Parasuraman *et al.* (1986:14-15)

**Reliability:** delivering on promises. This dimension is consistently shown to be the most important determinant of perceptions of service quality (Wilson *et al.*, 2008:85). This dimension includes the consistency in which service promises are met which could include keeping schedules or appointment times, completing tasks on time, and ensuring that outcomes are met.

**Responsiveness:** being willing to help. This dimension emphasises the attentiveness and promptness in dealing with customer requests, questions, complaints and problems. This includes the length of time a customer has to wait for assistance, answers to questions or attention to problems. Notion of flexibility and ability to customise the service to customer needs. Reflect customer's point of view, not companies (Wilson *et al.*, 2008:85).

**Assurance:** inspiring trust and confidence. This dimension is important when customers perceive services as high risk or feel uncertain about their ability to evaluate outcomes. The company has to seek to build trust and loyalty between key contact people and customers (Wilson *et al.*, 2008:86).

**Tangibles:** representing the service physically. Companies should provide physical representations or images of their service that customers will use to evaluate quality, to enhance image, provide continuity and signal quality. Most companies would however, combine this dimension with another dimension to create a service quality strategy (Wilson *et al.*, 2008:86).

**Empathy:** treating customers as individuals. Customers are unique and special and it is important that their needs are understood. Every customer wants to feel important and understood by firms that provide a specific service. It would be a good strategy for businesses to know their customers by name and build relationships that reflect their personal knowledge of their requirements and preferences. In cases where a small firm has to compete with larger firms, the ability to be empathetic to their customers may give the small firm a definite advantage. In business to business firms, customers want firms to understand their industries and issues (Wilson *et al.*, 2008:86). This dimension is especially important for small business tenants in shopping centres. Due to the perception that landlords favour larger well-established anchor tenants, small business tenants may often feel neglected and left-out. It would then mean a lot to the small tenant if landlords would pay attention to this dimension.

Although SERVQUAL has only five distinct dimensions, these dimensions capture facets of all original ten dimensions of the conceptual service quality domain with which the scale development began (Parasuraman *et al.*, 1986:15). The scale was first published in 1988 but has undergone numerous improvements and revisions since then. In 1991 the word “should” was replaced by “would” and in 1994 the total number of items was reduced to 22. They proposed that service expectations exist at two different levels, namely desired service and adequate service that customers use as comparison standards in assessing



service quality. Desired service is the level of service representing a blend of what customers believe “can be” and “should be” provided and, adequate service is the minimum level of service customers are willing to accept. SERVQUAL currently contains 21 perception items and a series of expectation items that reflect the five service quality dimensions described in Table 3.3 on the next page (Wilson *et al.* 2008:132). Referring to Table 3.3, for actual survey respondents, instructions are also included, and within each dimension, each statement is accompanied by a seven-point scale ranging from “strongly agree” (7) to “strongly disagree” (1). Only the end points of the scale are labelled; there are no words above the numbers 2 through 6. For some of the expectation questions, the scale ranges from 1 (lowest) through 9 (highest).

According to Wilson *et al.* (2008:132) the survey data gathered through the SERVQUAL survey can be used for a variety of purposes, namely:

- to determine the average gap score (between customers’ perceptions and expectations) for each service attribute;
- to assess a company’s service quality along each of the five SERVQUAL dimensions;
- to track customers’ expectations and perceptions (on individual service attributes and/or on the SERVQUAL dimensions) over time;
- to compare a company’s SERVQUAL scores against those of competitors;
- to identify and examine customer segments that differ significantly in their assessments of a company’s service performance; and
- to assess internal service quality (that is, the quality of service rendered by one department or division of a company to others within the same company).

Table 3.3 is presented on the next page.

**Table 3.3: The SERVQUAL scale**



## PERCEPTIONS

### Reliability

- When XYZ company promises to do something by a certain time, they will do so.
- When you have a problem, XYZ company shows a sincere interest in solving it.
- XYZ company performs the service right the first time.
- XYZ company provides its services at the time it promises to do so.
- XYZ company insists on error-free records.

### Responsiveness

- XYZ company keeps customers informed about when services will be performed.
- Employees in XYZ company give you prompt service.
- Employees in XYZ company are always willing to help you.
- Employees in XYZ company are never too busy to respond to your request.

### Assurance

- The behaviour of employees in XYZ company instils confidence in you.
- You feel safe in your transactions with XYZ company.
- Employees in XYZ company are consistently courteous with you.
- Employees in XYZ company have the knowledge to answer your questions.

### Empathy

- XYZ company gives you individual attention.
- XYZ company has employees who give you personal attention.
- Employees of XYZ company understand your specific needs.
- XYZ company has operating hours that are convenient to all its customers.

### Tangibles

- XYZ company has modern-looking equipment.
- XYZ company's physical facilities are visually appealing.
- XYZ company's employees appear neat in appearance.
- Material associated with the service (pamphlets or statements) are visually appealing.

## EXPECTATIONS

- When customers have a problem, excellent firms will show a sincere interest in solving it.
- Considering a "world class" company to be a 7, how would you rate XYZ company's performance on the following service features
  - Sincere, interested employees
  - Service delivered right the first time
- Compared with the level of service you expect from an excellent company, how would you rate XYZ company's performance on the following:
  - Sincere, interested employees
  - Service delivered right the first time
- For each of the following statements, circle the number that indicates how XYZ company's service compares with the level you expect:
  - Prompt service
  - Courteous employees
- For each of the following statements, circle the number that indicates how XYZ company's performance compares with your minimum service level and with your desired service level.
  - When it comes to...
  - Prompt service
  - Employees who are consistently courteous

Source: Wilson *et al.* (2008:133-134).

From the literature on SERVQUAL so far, it seems as if it will be possible to use the SERVQUAL instrument to assess the landlord's service quality to small business tenants along each of the five dimensions. SERVQUAL can also be used to compare one landlord's SERVQUAL scores against those of other shopping centres that will be part of this study.

As mentioned before, SERVQUAL has been used to measure perceived service quality of customers in a variety of service industries. Although several of these researchers have modified the SERVQUAL dimensions to fit their research purposes and the specific service industry they have conducted the study in, numerous recent empirical studies have applied this instrument/modification of it successfully in a variety of industries. These include studies in healthcare services (Arasli, Ekiz & Katirciogly, 2008; Chaniotakis & Lymperopoulos, 2009; Dagger, Sweeney & Johnson, 2007; Etgar & Fuchs, 2009; Lin, Sheu, Pai, Bair, Hung, Yeh & Chou, 2009; Ramsaran-Fowdar, 2008; Rashid & Jusoff, 2009; Rohini & Mahadevappa, 2006; Vinagre & Neves, 2008; Wicks & Chin, 2008), non profit organisations (Haley & Grant, 2011), mobile communication services (Kung, Yan & Lai, 2009; Lai, Hutchinson, Li & Bai, 2007; Negi, 2009; Rahman, 2006), the fast food industry (Bougoure & Neu, 2010), the public service sector (Agus, Barker & Kandampully, 2007), the banking sector (Kumar, Kee & Charles, 2010; Kumar, Kee & Manshor, 2009; Nadiri, Kandampully & Hussain, 2009; Petridou, Spathis, Glaveli & Liassides, 2007), the restaurant industry (Kueh & Voon, 2007), the hotel industry (Ramsaran-Fodar, 2007), the computer software industry (Dos Santos, De Oliveira & Da Silva, 2009), the information technology industry (Roses, Hoppen & Henrique, 2009), higher education (Chatterjee, Ghosh & Bandyopadhyay, 2009), professional sports (Theodorakis, Alexandris & Ko, 2011), the automobile service sector (Saravanan & Rao, 2007), call centres (Ramseook-Munhurrun, Naidoo & Lukea-Bhiwajee, 2009), the tourism industry (Kvist & Klefsjö, 2006), the insurance industry (Tsoukatos & Rand, 2006) and the airline industry (Chau & Kao, 2009).

Since its inception, SERVQUAL was however, not without its fair share of criticism. A major criticism is the problem of measuring expectations (Carman, 1990; Cronin & Taylor, 1992; Gilmore & McMullan, 2009:645; McDougal & Levesque, 1994). Some researchers (Juga, Juntunen & Grant, 2010; Ladhari, 2009a; McDougal & Levesque, 1994) for

instance, think that measuring expectations is unnecessary and that measuring perceptions of outcomes should be enough. Grönroos (in Wilson *et al.*, 2008:133) suggests three problems when measuring comparisons between expectations and experiences over a number of attributes.

- If expectations are measured after the service experience has taken place, which frequently happens for practical reasons, then what is measured is not really expectation but something which has been influenced by the service experience.
- It may not make sense to measure expectations prior to the service experience either, because the expectations that exist before a service is delivered may not be the same as the factors that a person uses when evaluating their experiences.
- A customer's view of their experience in a service encounter is influenced by their prior expectations. Consequently, if expectations are measured and then experiences are measured, then the measures are not independent of each other and the expectations are actually being measured twice.

The pairs of statements in the SERVQUAL questionnaire, designed to capture responses on both expectations and perceptions, make the questionnaire relatively complicated. Where he uses SERVQUAL to assess customer satisfaction within public sector services, there is subjective evidence in his study that some customers were discouraged from completing the questionnaire because of its apparent length and complexity (Wisniewski, 2001:386).

Ladhari (2009a) found the five dimensions of SERVQUAL to be useful and applicable to the Canadian banking industry, but decided that measuring clients' expectations of service quality is not useful and therefore measures only the perceptions of service quality in his study. Likewise, Theodorakis, Kambitis, Laios and Koustelios (2001) developed the SPORTSERV scale (a modified SERVQUAL scale) to assess only the perceptions of service quality among sport spectators and not their expectations as well. Etgar and Fuchs (2009) also measure service quality perceptions only in their study in healthcare services. Other recent studies where only perceptions of service quality were used are those of

Andaleeb and Conway (2006), Jain and Gupta (2004), Olorunniwo *et al.* (2006) and Qin, Prybutok and Zhao (2010).

With regard to the current study, it will also not be considered to give the small business tenants two questionnaires that will represent expected quality and perceived service quality. Two questionnaires will be time-consuming and clumsy and the feeling is that fewer small business tenants would as a consequence, be prepared to take part in the study.

Another general critique is that the dimensions used in the SERVQUAL instrument are not appropriate for all service offerings and need to be contextualised to reflect different service activities (Babakus & Boller, 1992; Carman, 1990). In recent research studies, Kumar *et al.* (2010) and Lai *et al.* (2007) add one dimension (convenience) to the original five dimensions. Kumar *et al.* (2009) only kept two original dimensions (tangibility and reliability) and added competence and convenience in their study of service quality in banks. Saravanan and Rao (2007) made use of six dimensions of which only one (tangibles) was retained. Ramsaran-Fodar (2007) and Negi (2009) found the five original dimensions useful but added another two to their studies. From SERVQUAL's inception however, Parasuraman *et al.* (1988:31) have indicated that it may be necessary to add or delete dimensions from the SERVQUAL scale to suit particular service industries. The original dimensions however, do provide a valuable starting point for the development of an appropriate tool.

### **3.4.3 Performance only model of Cronin and Taylor (SERVPERF)**

One of the better known alternatives to SERVQUAL is the SERVPERF instrument, (Cronin & Taylor, 1992) which measures experiences only and does not ask respondents about expectations. As a result, SERVPERF uses only the perceptions part of the SERVQUAL scale. They argue that service quality is better predicted by perceptions of actual service received only and not as the difference between perceptions and expectations as suggested by Parasuraman *et al.* (1988). Experiences are measured over a range of attributes that was developed to describe the service as conclusively as possible. Although

Cronin and Taylor (1992) do not disagree with the definitions of service quality that regard it as the difference between expectations and the perceptions of customers, they do differ in the manner in which to measure perceptions of such services. They maintained that performance instead of “performance-expectation” determines service quality and they reason further that customer expectations are built into the performance and is therefore not necessary to measure it separately (Kelkar, 2010:424).

Carrillat *et al.* (2007:473) state that both SERVQUAL and SERVPERF received an equal amount of citations during the last several years. Nevertheless, although SERVPERF gained popularity, it has not reduced SERVQUAL’s usage among researchers. In their study Carrillat *et al.* (2007:485) found that both SERVQUAL and SERVPERF scales are adequate and equally valid predictors of overall service quality although they admit that the SERVQUAL scale would have greater interest for practitioners. Andronikidis and Bellou (2010:579) found that SERVPERF is both theoretically and empirically superior to SERVQUAL. Jain and Gupta (2004) concur with this finding. In their study in the fast food restaurant industry in India, they found that SERVPERF is capable of providing a more convergent and discriminant valid explanation of the service quality construct. They also found that it to be the most economical measure of service quality and is capable of explaining greater proportion of variance present in the overall service quality measured through a single scale (Jain & Gupta, 2004:34). They however, also agree with Carrillat *et al.* (2007:485) that SERVQUAL possesses superior diagnostic power to pinpoint areas for managerial intervention.

Pérez, Abad, Carrillo and Fernández (2007) have adapted the SERVPERF scale to the context of public transport and demonstrated that their dimensions of SERVPERF (four original dimensions and one new one) were suitable for their study. Several other researchers have also preferred the SERVPERF scale in a variety of studies, namely Andaleeb and Conway (2006) in the restaurant industry, Olorunniwo *et al.* (2006) in the service factory and Qin *et al.* (2010) in the fast food restaurant industry. On the other hand, critics of this model state that SERVPERF is much more industry-specific, posing limitations on its application in a wide variety of service industries (Bahnan, Coleman & Kelkar, 2007; Cunningham, Young & Lee, 2004). Although SERVPERF has not reached the same level of popularity that exists for SERVQUAL it has been proven to be a reliable

instrument for the measuring of perceptions of service quality. It is especially appealing for the current research study because it may be easier to administer, easier to analyse the data and be more economical.

#### **3.4.4 Haywood-Farmer's conceptual model of service quality**

Haywood-Farmer (1988:21) suggests that services have three basic attributes, the so-called three Ps of service quality. These three Ps represent:

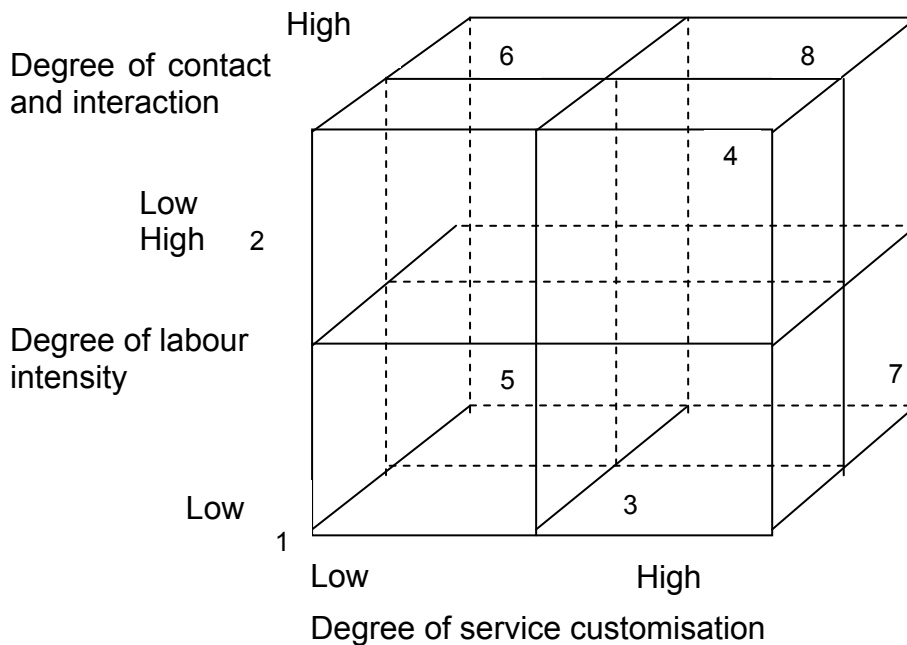
- physical facilities, processes and procedures
- people's behaviour elements; and
- professional judgement.

Although Haywood-Farmer (1988:21) did not identify different service dimensions, he believes that the choice of elements from each of these three sets of service quality factors is an important, strategic managerial decision. The combination of these factors should be chosen very carefully by managers in order to ensure an appropriate balance between the three attributes. The relative degrees of labour intensity, service process customisation, and contact and interaction between the customer and the service process, partially determine an appropriate mix (Haywood-Farmer, 1988:28). To assist managers in classifying each service correctly, Haywood-Farmer (1988:25) suggests a three-dimensional classification scheme for services. This will then enable managers to get the correct mix of the three Ps (see Figure 3.5 on the next page).

With services of low labour intensity, the customers' impression of the physical facilities, processes and procedures becomes important (Haywood-Farmer, 1988:26). If service contact increases, the labour intensity of services increases and more attention has to be paid to making sure that staff members behave appropriately. The services that landlords render to small business tenants in shopping centres will typically be an example of low labour intensity services. The emphasis would therefore be on how small business tenants experience the physical facilities (neatness and cleanliness of the centre, aesthetics of and modern looking centre), as well as the process and procedures (process and procedures of dealing with complaints and lease statements).



**Figure 3.5: A three-dimensional classification scheme**



Some examples of services in each octant:

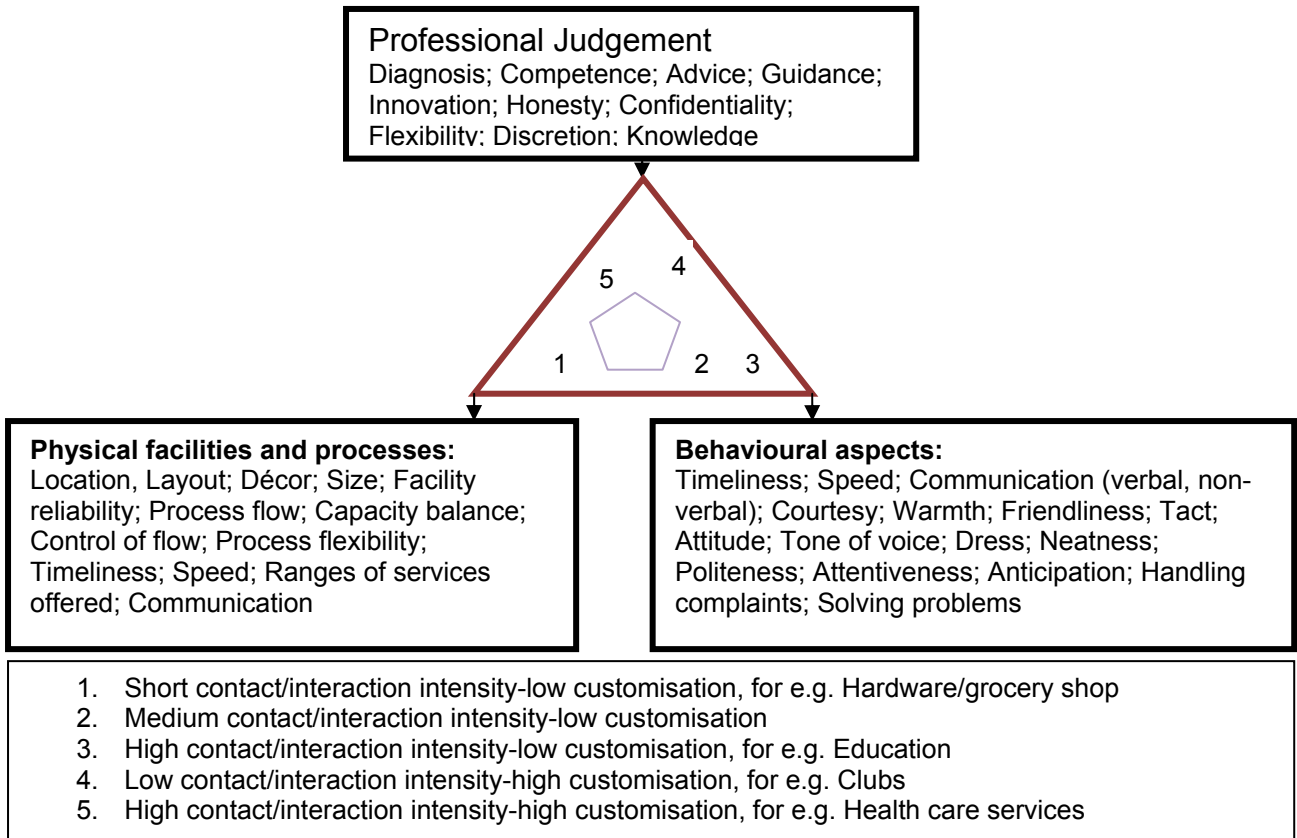
- |  |  |
|--|--|
| 1. Utilities, transportation of goods          | 5. Computerised teaching, public transit goods |
| 2. Lecture teaching, postal services           | 6. Fast food, live entertainment               |
| 3. Stock broking, courier services             | 7. Charter services, hospitals                 |
| 4. Repair services, wholesaling, and retailing | 8. Design-, advisory- and healing services     |

Source: Haywood-Farmer (1988:25)

Due to the fact that the three Ps are not scales ranging from low to high, and because of differences in the concepts, Haywood-Farmer (1988:28) suggests that it is not possible to map the model of service quality directly onto the triangular model of the three Ps. Seth *et al.* (2005:919) however plotted some of the different types of services directly onto the Haywood-Farmer model (see Figure 3.6 on the next page).

Figure 3.6 is presented on the next page.

**Figure 3.6: Attribute service quality model**



Source: Haywood-Farmer (1988) as adapted by Seth *et al.* (2005:919)

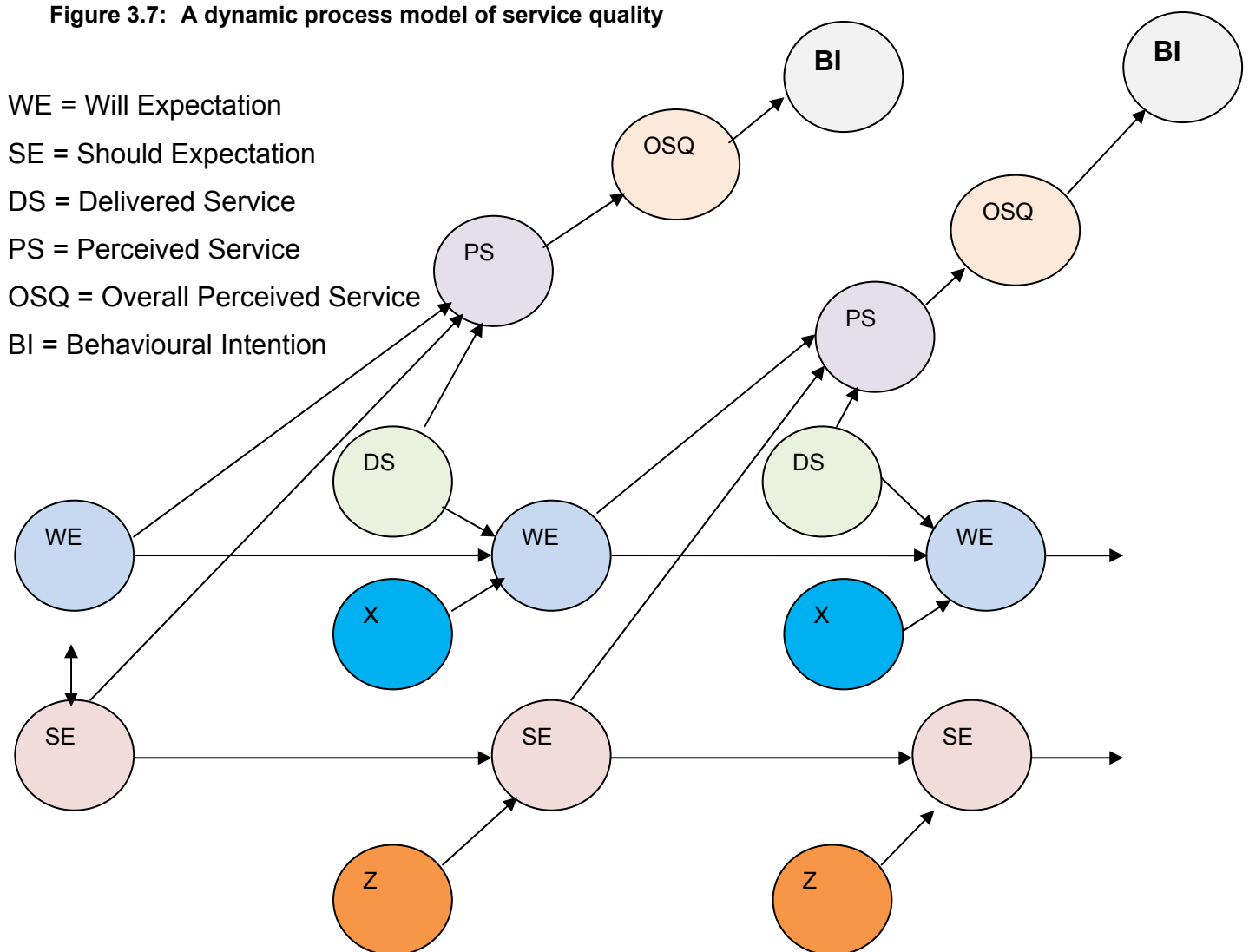
Managers may find this model suitable when designing the processes of the services offered and it may also be relevant in considering the importance of the various determinants to be measured. When the three-dimensional service classification model (see Figure 3.5) is interpreted, it can be concluded that the different landlords cannot be plotted on the model, simply because there is not a big variation in the contact interactions between landlords and small business tenants in shopping centres. The three service attributes identified by Haywood-Farmer (1988) can also not be directly compared with the three service dimensions of Grönroos (1984) or the five dimensions of Parasuraman *et al.* (1985, 1986).

### 3.4.5 The dynamic process model of Boulding, Kalra, Staelin and Zeithaml

With their model of service quality, Boulding *et al.* (1993:7) attempt to provide insights into both the process by which customers form judgements of service quality and the way

these judgements affect subsequent behaviour. They base the model (see Figure 3.7 below) on the assumption that customers' perceptions of the service quality immediately after a service encounter, are a mix of especially two aspects, namely their prior expectations of what **will** and what **should** happen during the encounter, and the **actual** delivered service during the service encounter. They are acknowledging the fact that customers' perceptions and expectations change over time and therefore they establish that the model will be able to clarify and test the relationships between expectations, perceptions and intended behaviour (Boulding *et al.*, 1993:24).

**Figure 3.7: A dynamic process model of service quality**



Source: Boulding *et al.* (1993:12)

After empirically testing the model, they found that the greater the customers' perceptions of the overall service quality of a business, the more likely they will be to act in a way that will be to the benefit of the business. This can include positive word of mouth communications or customers recommending the service to somebody else. Theoretically, businesses can therefore increase customers' perceptions of their overall service quality by either increasing perceptions or to lower their expectations. This however, was found not to be the case. It is only customers' perceptions that directly influence service quality. To increase customer expectations of what a firm **will** provide during a service encounter, in reality leads to higher perceptions of quality after a positive service experience. what businesses can do to increase the customers' perceptions of quality, is to manage the customers' expectations of what a firm **should** deliver, downward. The difficulty in this lies however in the fact that, if a customers' "will expectations" increase, the "should expectations" also increase. In other words, if customers believe the business will deliver a service of a certain quality (because of past experience or word of mouth communications) they would also expect that the business should offer that quality service. According to Boulding *et al.* (1993:25) the "will expectations" will however, increase faster than the "should expectations" which will result in an increase in overall service quality.

Boulding *et al.* (1993:25) claim that service providers can make use of their model to get a better understanding of the relative importance of service delivery and customer expectations for their businesses. This insight will make it easier for service providers to assess the relative value of trying to modify perceptions through changes in the service delivery system and the firm's communications. Service providers will also be able to estimate the speed with which they can expect perceptions to change over time. Boulding *et al.* (1993:25) admit that this estimation technique requires that multiple measures of perceptions and expectations need to be made. Care should also be taken that all of the measures within a dimension have identical influence on that dimension, and customers with different levels of prior experience should be segmented accordingly so that the possible differences in the updating parameters can be reflected.

Although the process model suggests that customers update their expectations and perceptions frequently, it does not explore the antecedents of the different expectation variables. This information can be critical for service providers because they need to

manage the “will expectations” up and the “should expectations” down. Another limitation of this model is the fact that the empirical analyses do not provide evidence on the cognitive process by which customers form, store, or retrieve perceptions. The “will expectations” and “should expectations” in their model imply that both service quality and customer satisfaction are addressed. In the service quality literature, expectations are viewed as desires or wants, in other words, the “should expectations” (Lewis, 1993:4). In the satisfaction literature, expectations are seen as predictors or probabilities made by a customer about what will happen during a service encounter (Oliver, 1981). This model therefore contradicts the overall belief that the two constructs, namely satisfaction and service quality cannot be measured simultaneously. The model is rarely cited in the literature and is not considered as a measuring tool to determine the perceived service quality of small business tenants in the current research study as, only perceived service quality is measured and not satisfaction and behavioural intentions as well.

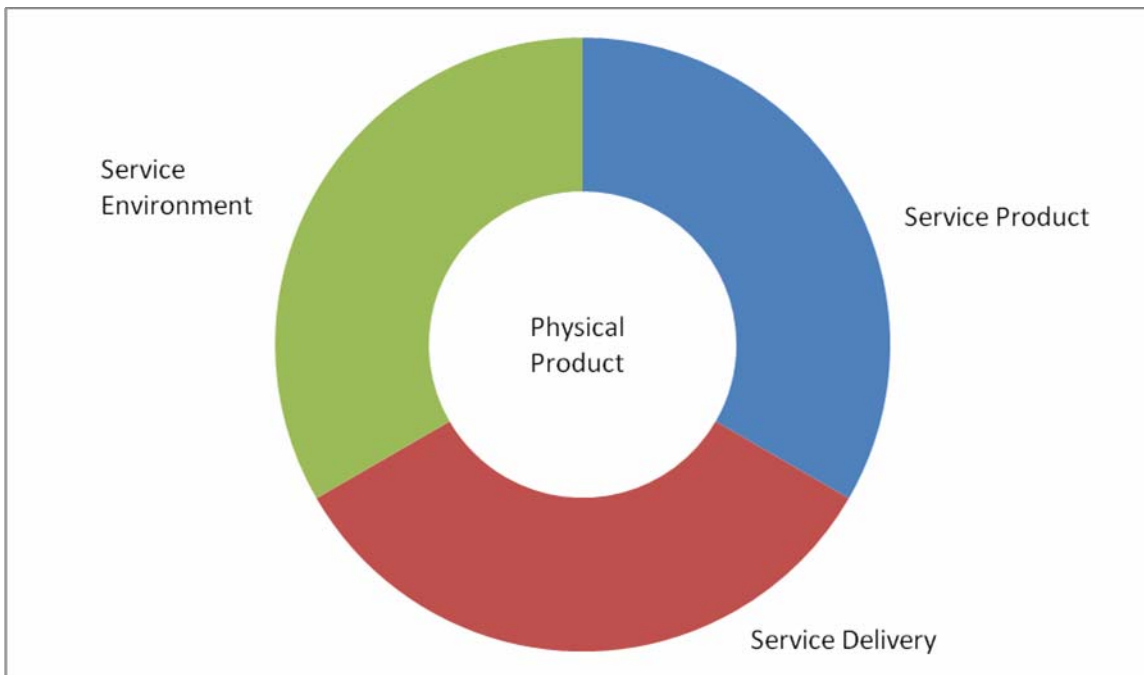
#### **3.4.6 The three-component model of Rust and Oliver**

Rust and Oliver (1994) developed the two dimensions, namely functional and technical quality further into a three-component model (see Figure 3.8 on the next page):

- the service product (the service as it is designed to be delivered – similar to technical quality);
- the service delivery (the sequence of events and service provider role expectations – similar to functional quality); and
- the service environment (physical ambience of the service setting).

Grönroos’s (1984, 1988) functional quality incorporates both tangibles (environment) and the service delivery, but tangibles are identified by Rust and Oliver (1994) as a dimension on its own. Although Rust and Oliver (1994) did not test their conceptualisation, support for their model has been found in literature (Brady & Cronin, 2001; Martínez & Martínez, 2010:30; McDougall & Levesque, 1994).

**Figure 3.8: The three-component model**



Source: Rust and Oliver (1994)

### **3.4.7 The return-on-quality approach of Rust, Zahorik and Keiningham**

All the various quality models presented thus far have been developed from the customers' point of view. Although Rust *et al.* (1995:59) adhere to the notion of defining service quality from the customers' perspective, they argue that the dimensions of service quality to be measured should relate to the organisation's business processes. They would then use the survey data collected from this perspective to enable them to facilitate change and they want the change to be actionable. For this to be realised, quality improvement efforts must be targeted at the process and sub-process level (Rust *et al.*, 1995:59). It is recommended by Rust *et al.* (1995:59) that customer focus groups be used in order to ensure that no major areas of concern are omitted from customer surveys, and to ensure that survey items are worded so that it is easily understood by customers.

Apart from being organised according to business processes, the return-on-quality approach is characterised by four assumptions, namely that

- quality is an investment;
- quality efforts must be financially accountable;

- it is possible to spend too much on quality; and
- not all quality expenditures are equally valid.

Rust *et al.* (1995) provide a framework in this approach, which can be used to evaluate the financial impact of quality improvement efforts. This approach assumes that quality improvement efforts must be made financially accountable and that these efforts be treated as investments (Rust *et al.*, 1995:59). The financial viability of a quality expense is measured by the return-on-quality approach by quantifying the market share implications, net present value of the resulting profit stream, and return-on-quality of a proposed quality expenditure. This approach links on to the value-based approach of viewing quality (discussed in section 2.4.1.5 on page 46). Since one of the main measurement foundations of the return-on-quality model is based on customer retention or repurchase behaviour, the use of this model in its totality is not suitable for the current study as it does not fall within the scope of this study where only perceived service quality is measured.

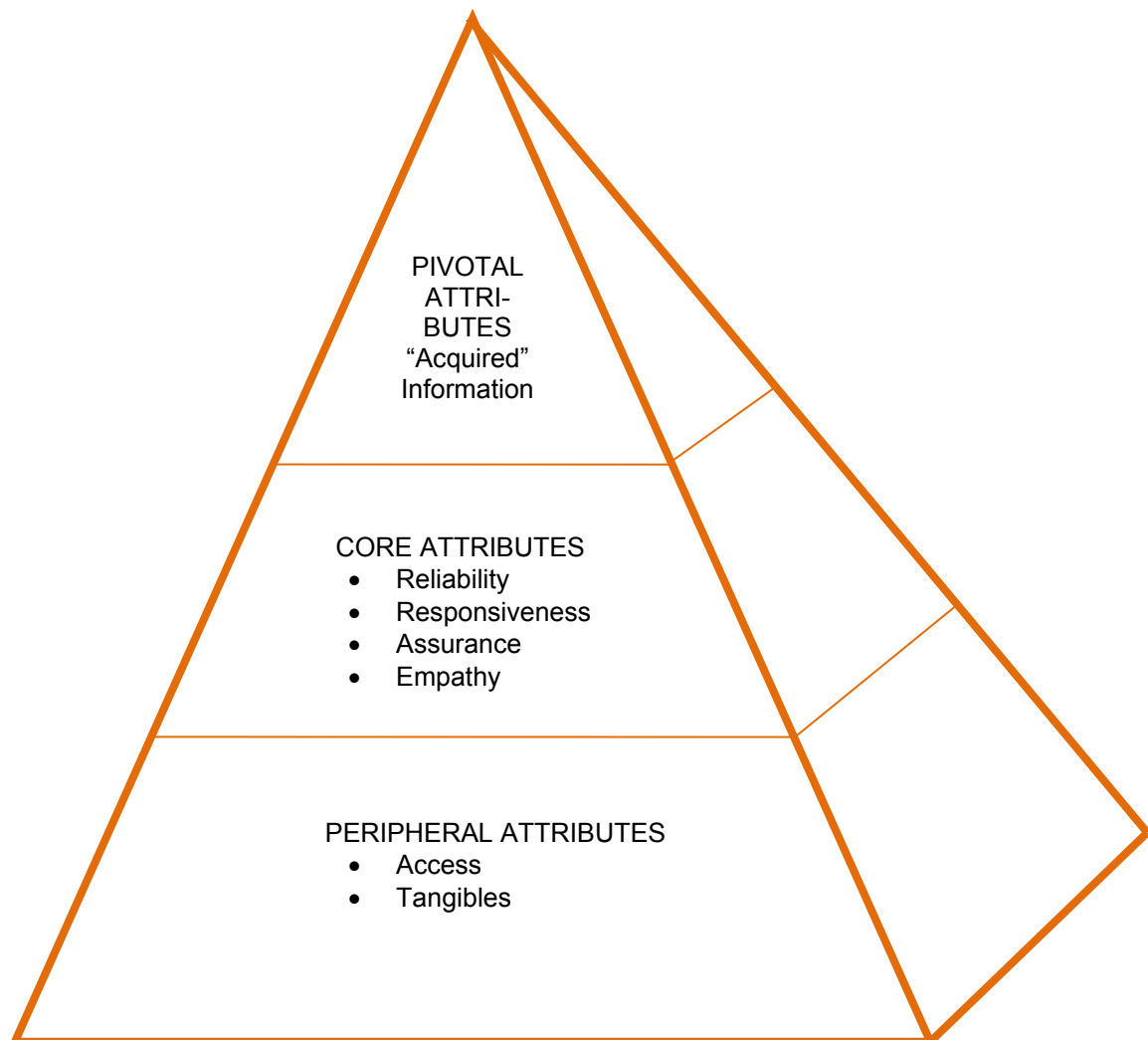
#### **3.4.8 The P-C-P service attribute model of Philip and Hazlett**

The basic premise of Philip and Hazlett's (1997:272-273) model is that it became necessary to develop service specific service quality dimensions and that SERVQUAL's dimensions and other models do not adequately address some of the more critical issues associated with the assessment of individual services. They also argue, like Cronin and Taylor (1992) that a combined (single) scale should be used to measure the "gap" between expectations and perceptions, rather than two separate scales. Philip and Hazlett (1997:272) propose a model that takes the form of a hierarchical structure, based on three main classes of attributes, namely pivotal, core and peripheral. The P-C-P model is illustrated in Figure 3.9 on the next page.

Referring to Figure 3.9, every service consists of three, albeit overlapping areas where many of the dimensions and concepts of service quality that have been identified before (SERVQUAL (1985; 1988) and Grönroos (1984; 1988) for instance), are included. These ranked levels can be loosely defined as the inputs, processes and outputs of a service organisation.

The pivotal attribute at the summit of the pyramid, represents collectively the single most determinant why the customer will decide to make use of a particular service provider. This will be what a customer expects to achieve and receive when the service process is duly completed (Philip & Hazlett, 1997:273). Core attributes, centred upon the pivotal attributes, can best be described as the amalgamation of the people, processes and the service organisational structure through which customers must interact and/or negotiate so that they can achieve or receive the pivotal attribute. The bottom part of the pyramid focuses on the peripheral attributes which will be the “incidental extras” designed to make the whole service experience for the customer a complete delight (Philip & Hazlett, 1997:274).

**Figure 3.9: P-C-P service attribute model of service quality**



Source: Philip and Hazlett (1997:279)



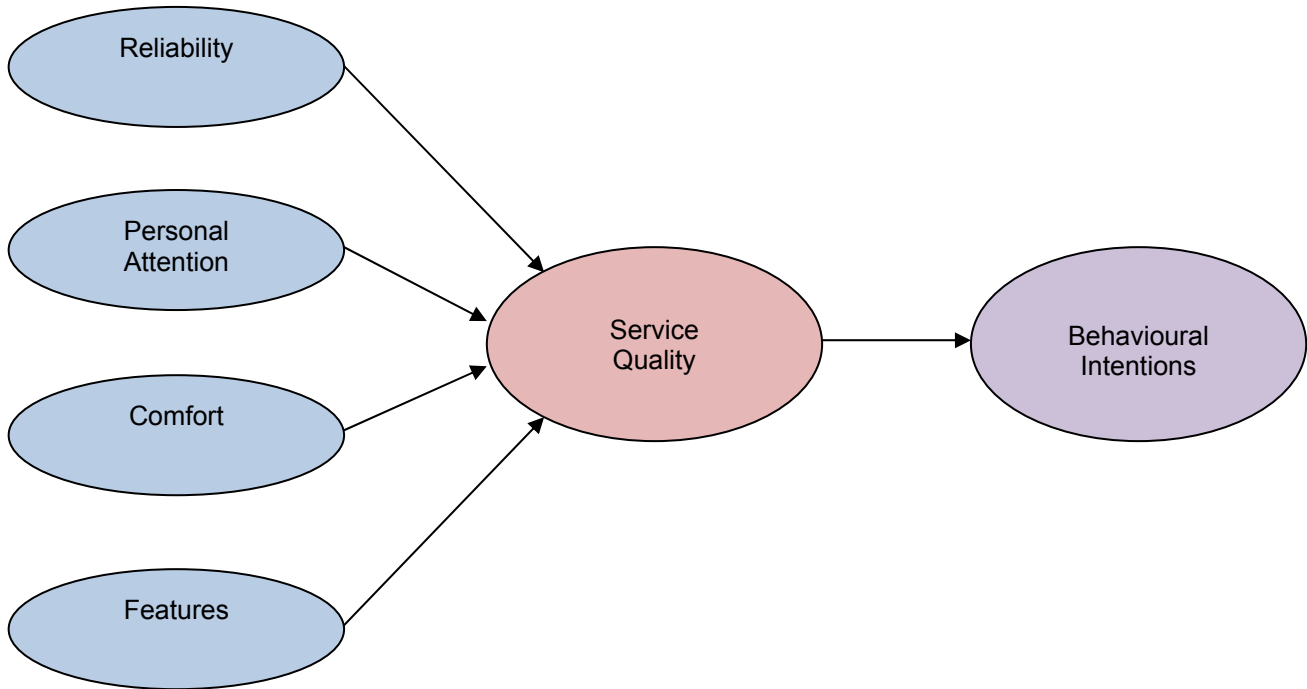
It is quite apparent that the core and the peripheral groupings in the P-C-P model is a combination of the SERVQUAL dimensions and the pivotal grouping is part of the technical quality of services advocated by Grönroos (1984, 1988). Philip and Hazlett (1997:281) believe that the P-C-P attribute model is more appropriate than SERVQUAL for evaluating the quality of a service. This view is confirmed by the results of a study done by Philip and Stewart (1999:4) where they found that the output (pivotal) was as important as (and perhaps more important than) the personal qualities (SERVQUAL dimensions) of the staff involved in the delivery of the service. This model has however, has not found a great number of support in the literature and will also not be considered as the measuring tool for this research study.

#### **3.4.9 Dabholkar, Shepherd and Thorpe's antecedents model**

Service quality was not regarded as a separate construct by any of the previous studies, but is regarded as the sum of the components required to obtain an estimate or average of service quality. Dabholkar *et al.* (2000:141) argue that service quality is better visualised by its antecedents rather than its components. As indicated in Figure 3.10 on the next page, this model examines some conceptual issues in service quality as the relevant factors related to service quality. These conceptual issues are better conceived as components or antecedents and the relationship of customer satisfaction with behavioural intentions. Customers evaluate not only different components related to the service, but also form a separate overall evaluation of the service quality (which is not the sum or average of the components) (Dabholkar *et al.*, 2000:166). The components were however, important predictors of total service quality and Dabholkar *et al.* (2000:166) is of the opinion that, for diagnostic purposes, the different components should still be measured and evaluated. It could therefore be concluded from this model that, in addition to measuring the different determinants of service quality, a global measurement is also required and should be added to the measuring instrument.

The antecedents model of service quality is depicted in Figure 3.10 on the next page.

**Figure 3.10: Antecedents model of service quality**



Source: Dabholkar *et al.* (2000:157)

### 3.4.10 The hierarchical approach of Brady and Cronin

With this approach, Brady and Cronin (2001) attempt to integrate the Nordic and the American schools of thought in relation to service quality (see section 3.3 for a discussion on the Nordic and American perspectives). Although they maintain that both perspectives highlight the important aspects of service quality, they feel that neither fully captures the construct (Brady & Cronin, 2001:44). With this model they provide qualitative and empirical evidence that service quality is a multidimensional hierarchical construct.

The first important finding of their study is that the service quality perceptions of customers are formed on the basis of their evaluations of three primary dimensions, namely outcome, interaction and environmental quality (Brady & Cronin, 2001:44). The first two dimensions are adapted from Grönroos's (1984; 1988) model (from the Nordic school), particularly his view that service quality is assessed according to customer evaluations of outcomes and interactions with service employees. Although Brady and Cronin (2001) prefer more descriptive terms such as "outcome" and "interaction" for Grönroos's "technical" and

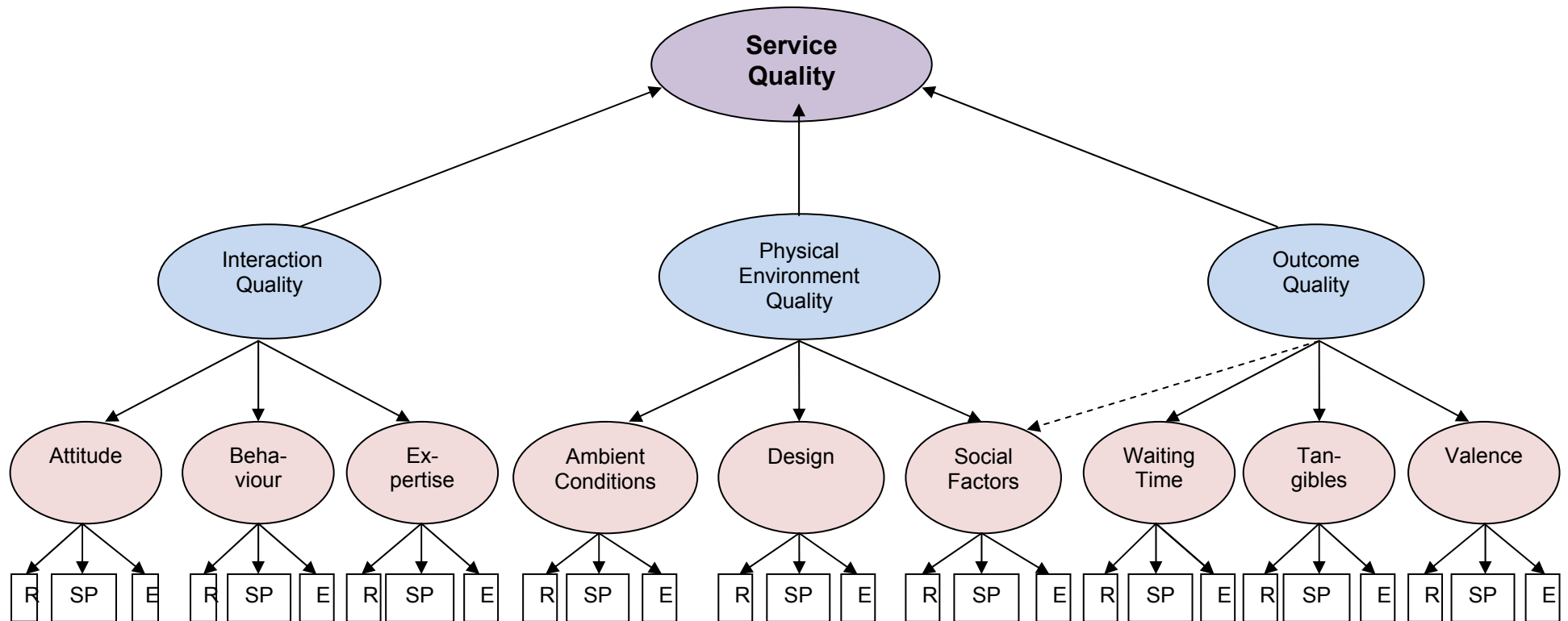
“functional quality” terms, their first two constructs could represent the technical and functional quality dimensions of Grönroos (1984; 1988). The third primary dimension in Brady and Cronin’s (2001) model reflects the influence of the service environment on quality perceptions. As a result, they provide the first empirical evidence of Rust and Oliver’s (1994) three-component conceptualisation of service quality model.

Brady and Cronin (2001:37) further find that the three primary dimensions, namely interaction, environment and outcome have three sub-dimensions. Customers will first make an assessment of the three corresponding sub-dimensions before they evaluate the primary dimensions. The customers’ assessment of the sub-dimensions will therefore influence their evaluation of the primary dimensions and these perceptions will lead to an overall service quality perception (Brady & Cronin, 2001:37). Based on these findings, a hierarchical conceptualisation of service quality seems appropriate (Brady & Cronin, 2001:44).

Brady and Cronin’s (2001:44) results further show that the three dimensions of reliability, responsiveness and empathy, as suggested by the American school (Parasuraman *et al.*, 1985; 1988) are important for the provision of superior service quality. Brady and Cronin (2001:44) however, argue that these three dimensions are only modifiers of the sub-dimensions and not direct determinants of service quality. The implication of this is that these “modifiers” represent how each sub-dimension is evaluated (reliable or not, responsive or not, and so on), whereas the sub-dimensions would answer the actual question as to what about the service should be reliable, responsive and empathetic.

The hierarchical approach of Brady and Cronin (2001) is depicted in Figure 3.11 on the next page.

Figure 3.11: The hierarchical approach



R = a reliable item

SP = a responsiveness item

E= an empathy item

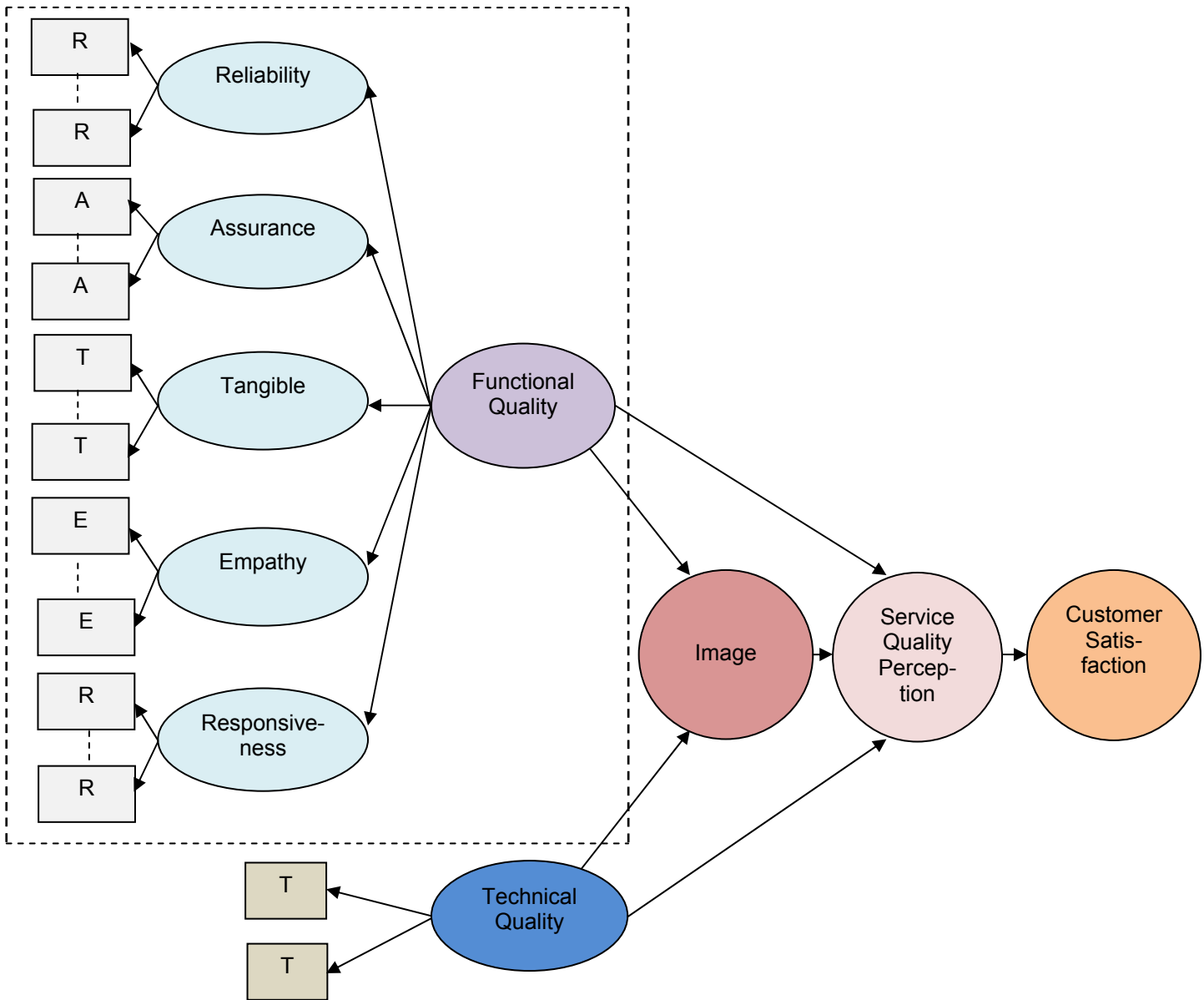
The broken line indicates that the path was added as part of model re-specification

Source: Brady and Cronin (2001:37)

### 3.4.11 Grönroos's model as adapted by Kang and James

Kang and James (2004) attempt to capture in their model of service quality, the perspective that conceptualises service quality in relation to functional quality, technical quality and image (see Figure 3.12).

Figure 3.12: Adaptation of Grönroos's model by Kang and James



Source: Kang and James (2004:269)

The majority of research pertaining to service quality has focused on the measurement of service quality based on the functional dimension only. Kang and James (2004) empirically tested Grönroos's (1984; 1988) conceptual model and they confirmed the five-factor structure of the SERVQUAL instrument (Kang & James, 2004:274). They found that the high correlations between the five SERVQUAL factors are an indication that the constructs are represented by a second-order latent variable, namely functional quality. It is, however, sensible to consider that there are other sub-dimensions of service delivery that should be assessed as part of a firm's functional quality (Kang & James, 2004:274).

Their study also confirmed the multidimensional nature of service quality which supports the Nordic (European) perspective (Kang & James, 2004:274). The results of the study indicated that the perceptions of overall service quality is influenced by both functional and technical quality. A third finding is the mediating role that a business's image plays in a customer's perception of overall service quality. They also found that functional quality has an influence on an individual's mental image of a business, which suggests that the interaction between a customer and a business's representatives has an important effect on a customer's mental image of the business, and the customer's subsequent evaluation of service quality (Kang & James, 2004:275). Their last finding was that, although the direct effects of functional and technical quality on overall service quality were equal, the effect of functional quality on image was larger than the effect of technical quality.

From their findings, it was clear that technical quality, functional quality and a business's public image should be measured to fully capture an individual's overall perception of service quality (Kang & James, 2004:275). Technical quality has traditionally been disregarded, since it was believed that customers would not be able to detect the technical quality of services, and therefore would rely on other attributes associated with the process of service delivery and functional quality to rate service quality. Although functional quality may have a larger influence on perceptions of service quality for certain services, it is important to recognise the differential influence of functional and technical quality, on other service organisations (Kang & James, 2004:275).

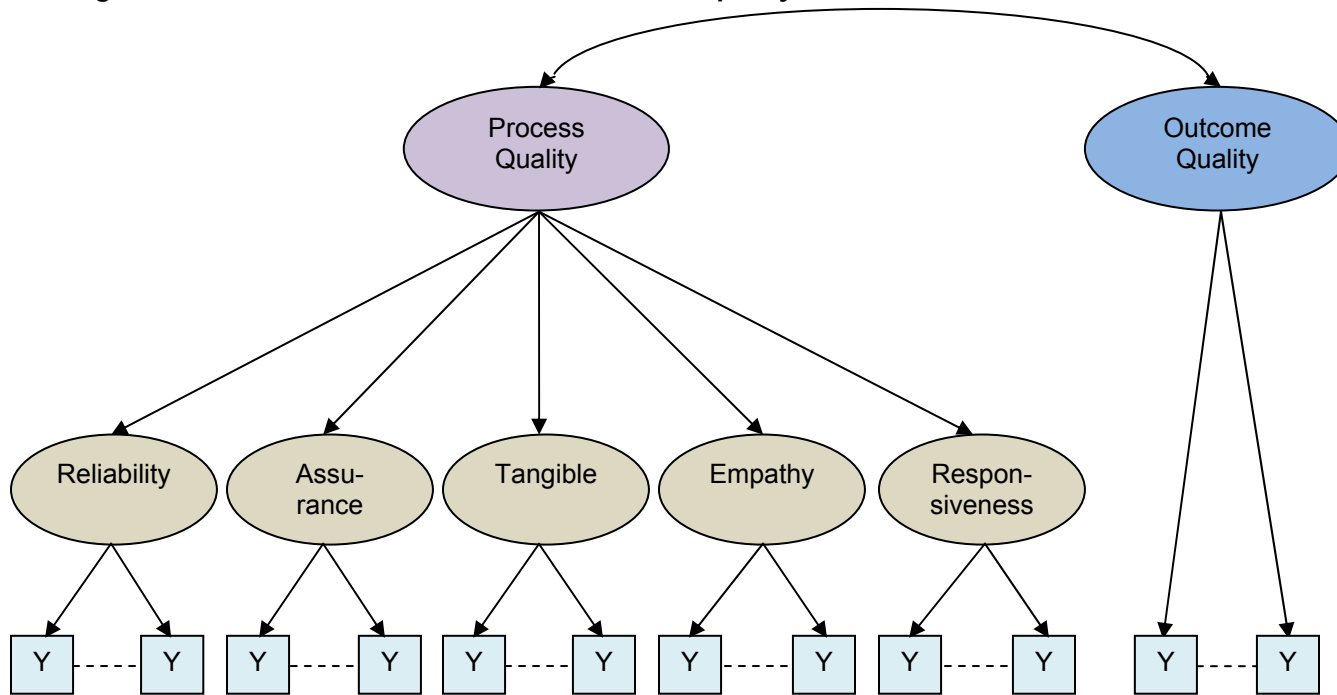
Kang and James (2004) confirmed the fact that the service quality construct is multidimensional with sub-dimensions or determinants for each dimension (the hierarchical approach to service quality). They adapted Grönroos's (1984; 1988) model (see Figure 3.12).

#### **3.4.12 Kang's hierarchical structure of service quality**

In a later study by Kang (2006), the hierarchical structure of service quality was proposed (see Figure 3.13 on the next page).

Figure 3.13 is presented on the next page.

Figure 3.13: The hierarchical structure of service quality



Source: Kang (2006:41).



While his model only depicts the second-order factor structure, Kang (2006:41) indicates that the full structure of a higher-order factor model for service quality should be the three-order factor structure. There has to be a latent variable (service quality perception) that has a direct effect on both technical and functional quality dimensions in the full structure. Due to a lack of guidance for simultaneously analysing a third-order factor model and the technical difficulties accompanied by the analysis, Kang's (2006) study does not attempt to fully analyse the third-order factor model. An alternative method to estimate the relationship between service quality perception and technical/functional quality dimensions was employed (Kang, 2006:41).

His model is from the perspective of the Nordic (European) researchers that define service quality in categorical terms (technical quality and functional quality). The model also adopted the view of several researchers who have suggested that SERVQUAL represents only the process dimension (functional quality) of the service quality perception (Kang, 2006:47). It was shown in his study that SERVQUAL has a distinctive five-factor structure and that these five latent variables are correlated, suggesting the unidimensionality of SERVQUAL. As an alternative, a second-order factor model was implemented (see Figure 3.13), and these results supported the model well. His study confirmed that, although the five-factor structure as proposed by SERVQUAL was confirmed, this represented the functional quality dimension in the perception of service quality. The study provides thus evidence that customers form perceptions of service quality on the basis of their evaluations of two primary dimensions (technical quality and functional quality). Kang (2006) claims that his study consisting primarily of the technical quality and functional quality components, offers the first empirical evidence for the Nordic (European) perspective of service quality.

#### **3.4.13 Carr's FAIRSERV model**

Carr (2007:108) is of the opinion that an important deficiency of SERVQUAL is that it does not include equity theory as the basis for any of its scales, even if it is clear from

previous experiences that equity (fairness) is often evaluated in service encounters. According to Carr (2007:108), service customers are concerned with getting what they deserve in relation to other customers of the same service. Customers will therefore not only evaluate the quality of the service encounter, but also the equity thereof. FAIRSERV posits that an important set of service evaluations results from a comparison of services against norms of fairness and the treatment of similar customers (Carr, 2007:108). Service customers also want the procedures used and the distribution of service resources to be unbiased and consistently applied, not unduly favouring any one person or group.

FAIRSERV is proposed by Carr (2007) as an addition to the SERVQUAL conceptualisation of customer reactions to services. Carr's (2007) model posits that one essential perspective governing customer reactions to services is an evaluation of the fairness of the service outcomes, procedures and interactions (see Figure 3.14). According to Carr (2007:110), customers therefore do not only evaluate services against the five SERVQUAL dimensions (tangibles, reliability, responsiveness, assurance and empathy), but also through comparisons with multidimensional norms of fairness (distributive, procedural, interpersonal, informational and systemic fairness). Customers will base their comparisons in context and will depend on their knowledge of how similar others were actually treated by the service providers and/or through counterfactual reasoning based upon a mental simulation of how similarly others probably would, could and should be treated by the service providers. Although a customer may feel that the service was of high quality, he/she may feel cheated if the service is compared with what another customer may have received. This will affect satisfaction with the service (Carr, 2007:110).

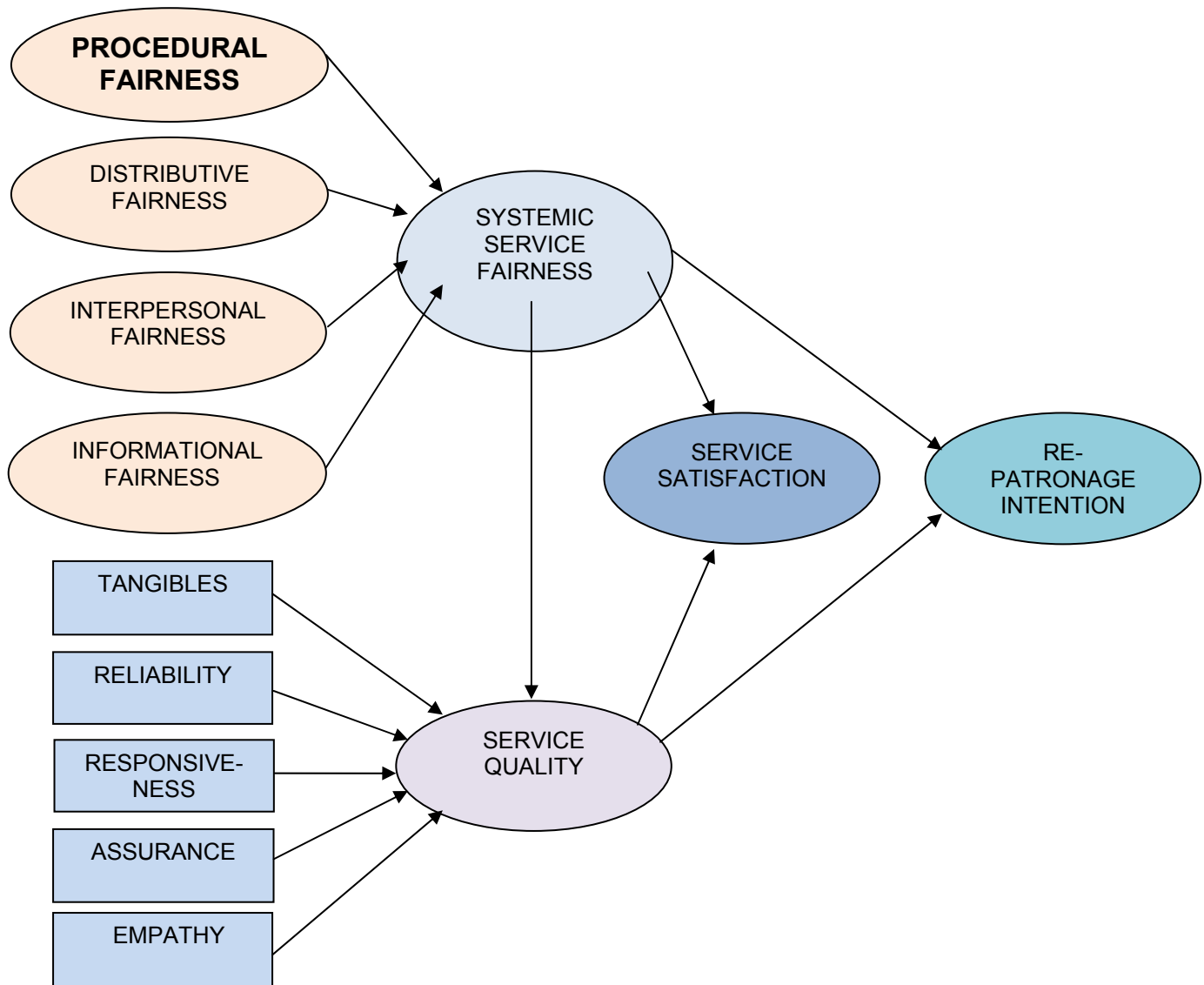
Before Carr's (2007) model is discussed further, it is necessary to give a brief explanation of distributive-, procedural-, interpersonal-, informational-, and systemic fairness.

- **Distributive fairness** deals with the perceived fairness of outcomes. It is defined by Cohen-Charash & Spector (in Carr, 2007:111) as the cognitive, affective and

behavioural reaction to outcome distributions from a source. Thus, when a particular outcome or set of outcomes is perceived to be unfair, it may affect the person's emotions, cognitions and ultimately their behaviour (Carr, 2007:111).

- Procedural fairness** is the fairness of the policies and processes contributing to outcomes embodying certain types of normatively acceptable principles (Carr, 2007:111). All customers should receive the same service procedures and there should be no bias in the application of these procedures. If this is not the case, the customer may perceive the situation as unfair.

Figure 3.14: The FAIRSERV model



- **Interpersonal fairness** is showing concern for individuals regarding the manner in which outcomes are distributed, for example, with politeness and civility (Carr, 2007:112).
- **Informational fairness** is providing information or knowledge about procedures that demonstrate regard for people's concerns (Carr, 2007:112). Interpersonal- and informational fairness focus on the human side of distributional practices. When a customer perceives interpersonal- and informational unfairness, he/she would negatively react toward the responsible service employee.
- **Systemic fairness** is the overall fairness/unfairness judgement that emerges from perceptions of distributive, procedural, interpersonal and informational fairness/unfairness.

Figure 3.14 illustrates that distributive fairness, procedural fairness, informational fairness and interpersonal fairness do have an influence on how customers judge overall fairness (systemic fairness). The systemic fairness construct is a distinct construct from its antecedents (distributive, procedural, informational and interpersonal fairness) and act in its turn, as a mediator between each of the four dimensions of fairness and the satisfaction and repatronage outcomes (Carr, 2007:122). These results show that the more generally fair the service provider is perceived to be in its interactions with customers, the more customers will feel satisfied and, the more likely they are to feel loyalty towards the service provider. The perception of fairness/unfairness will then also influence their perception of overall service quality.

Although FAIRSERV as a whole will not be suitable for the present study because of its focus on satisfaction and repatronage intentions, it would probably be important to pay attention to the fairness dimensions because small business tenants in shopping centres often experience perceived unfairness when it comes to the treatment and services provided by the landlords to them, in comparison with the bigger anchor tenants.

#### 3.4.14 Other service quality models

A number of other industry-specific models were developed during the last few years that are worth mentioning. A new model, consisting of a 29-item questionnaire, was developed by Abdullah *et al.* (2011) specifically for the unique nature of the banking sector. Senthilkumar and Arulraj (2011) developed the SQM-HI model (service quality measurement in higher education in India) which is a 30-item scale that has been empirically tested for unidimensionality, reliability and validity. Kersten and Koch (2010) developed a new approach to measuring logistics service quality, which they called the structural equation model. A hierarchical model of health service quality was developed by Dagger, Sweeney and Johnson (2007), consisting of three levels. The model is developed so that service quality can be measured at any one, or all of these levels depending on the information requirements (Dagger *et al.*, 2007:135).

Because of rapid technological advances, it is not surprising that a number of electronic service models were developed. Cristobal *et al.* (2007) developed and empirically tested a multiple-item scale for measuring e-service quality. Bauer, Falk and Hammerschmidt (2006) developed eTransQual, a transaction process-based scale for measuring service quality in online shopping. This model integrates both utilitarian and hedonic e-service quality elements. Collier and Bienstock (2006) developed and empirically tested a conceptual framework for how customers judge e-service quality in online shopping. A broadly applicable, hierarchical quality model for electronic services that includes three dimensions and nine sub-dimensions was developed by Fassnacht and Koese (2006). Ibrahim, Joseph and Ibeh (2006) developed a 26-item, 5 point scale for e-banking customers. A multiple-item scale (E-S-QUAL) for measuring the service quality delivered by Web sites was developed by Parasuraman *et al.* (2005).

A summary of all the important service quality models will be given next.

**Table 3.4: Summary of service quality models**

Model	Key findings	Limitations/suitability for this study
1. Technical and functional quality model of Grönroos.	Service quality depends on technical quality, functional quality and corporate image of the organisation in consideration. Functional quality is regarded as more important than technical quality.	The model will not be considered for this study because it does not offer an explanation on how to measure functional and technical quality.
2. SERVQUAL model of Parasuraman <i>et al.</i>	The model is an analytical tool. It enables management to systematically identify service quality gaps between a number of variables affecting the quality of the offering. The model is externally focused. It can assist management in identifying the relevant service quality factors from the viewpoint of the consumer.	The model will not be considered for this study because to measure expectations as well as perceptions, will make the questionnaire relatively complicated and time-consuming.
3. SERVPERF model of Cronin and Taylor.	Uses only the perceptions part of the SERVQUAL scale. Measures service quality experiences only and not customer expectations as well. It directly reduces the number of items by 50 %.	The model will be considered for this study because the five dimensions suits the landlord-small business tenant relationship in shopping centres. By measuring only the perceptions, will make the questionnaire less complicated and more economical to administer.
4. Attribute service quality model of Haywood-Farmer.	This model provides a base of segregating service organisations on three dimensions for better management of quality. These dimensions are physical facilities, people's behaviour elements and professional judgement. The model enhances understanding of the concept of service quality.	The model will not be considered for this study because it does not offer an instrument for measuring service quality. It does not offer a practical procedure capable of helping management to identify service quality problems or practical means of improving service quality.
5. The dynamic process model of Boulding <i>et al.</i>	This model attempt to provide insights into the process by which customers form judgements of service quality and the way these judgements affect subsequent behaviour. Customers' perceptions and expectations change over time, and the model claim to test the relationships between expectations, perceptions and intended behaviour.	The model will not be considered for this study because it does not offer an instrument for measuring service quality. The model merely enhances understanding of service quality and behavioural intentions of customers.

Table 3.4 continues on the next page.

**Table 3.4: Continued**

Model	Key findings	Limitations/suitability for this study
6. The three-component model of Rust and Oliver.	The three components of this model are the service product, the service delivery and the service environment.	The model will not be considered for this study because it does not offer an instrument for measuring service quality.
7. The return-on-quality approach of Rust <i>et al.</i>	The model advocates that the dimensions of measuring service quality should be related to the organisation's business processes. The model concentrates on making the quality improvement efforts financially viable.	The model is based on customer retention or repurchases behaviour and does not offer a practical procedure to identify service quality problems and will therefore not be considered for this study.
8. The P-C-P attribute model of Philip and Hazlett.	Provides a simple, effective and general framework of assessing service quality for any service sector. The model highlights the area of improvements for service quality depending on the frequency of the encounter. The dimensions to these three levels of attributes are individual sector-dependent and with reference to the consumer.	The model does not provide general dimensions to the three levels of attributes. It also lacks empirical validation and will therefore not be considered for this study.
9. The antecedents model of Dabholkar <i>et al.</i>	Service quality is better visualised by its antecedents rather than its components. This model can provide a complete understanding of service quality and how these evaluations are formed. Customer satisfaction should be evaluated separately from service quality when trying to determine customer evaluations of service.	The model measures behavioural intentions rather than actual behaviour and will not be considered for this study.
10. The hierarchical approach of Brady and Cronin.	Service quality is a multidimensional, hierarchical construct. Perceptions are based on evaluations of three primary dimension, outcome, interaction and environmental quality, which have each three sub-dimensions. The three sub-dimensions will first be evaluated and will influence evaluation of the primary dimensions that will lead to an overall service quality perception.	The model will not be considered for this study because it does not offer an instrument for measuring service quality and few efforts have been made to provide empirical evidence for this hierarchical structure.

Table 3.4 continues on the next page.

**Table 3.4: Continued**

Model	Key findings	Limitations/suitability for this study
11. Grönroos's model as adapted by Kang and James.	Technical, functional and image should be measured to fully capture overall perceptions of service quality. Grönroos's model is empirically tested and the five-factor structure of SERVQUAL is confirmed. Other than most other models, it is believed that technical quality can be assessed by customers.	The model will not be considered for this study because the technical quality- and image dimensions do not play such a big role in the landlord-small business tenant relationship.
12. Kang's hierarchical structure of service quality.	The five-factor structure as proposed by SERVQUAL is confirmed and represents the functional quality dimension of perceived service quality. This model provides empirical evidence for the claim that perceived service quality is based on technical quality and functional quality components.	Few efforts have been made to provide empirical evidence for this hierarchical structure. It also does not offer an instrument for measuring service quality.
13. Carr's FAIRSERV model.	The five SERVQUAL dimensions are accepted for measuring service quality, but equity (fairness) is added as an important dimension. It is felt that customers are concerned with getting what they deserve in relation to other customers of the same service. Their evaluation of the fairness of the service encounter will have an influence on their overall perception of service quality.	Since small business tenants in shopping centres often feel that they are treated unfairly in comparison with the bigger anchor tenants, especially in relation to leasing fees and location, it will be considered to add a "fairness" dimension to SERVQUAL's five dimensions.



### 3.5 CONCLUSION

Although there is not yet a meaningful agreement on the basic fundamentals of the service quality construct, further insight was obtained by the analyses of the various service quality models. For the purpose of this research study, it is however, not sufficient to only have a thorough understanding of what is meant by service quality as it does not completely solve the problem. It is important to use an appropriate tool to measure the perceived service quality that small business tenants in shopping centres experience from their landlords.

The various models were carefully analysed and it became clear that several of the models are using all, or some of the SERVQUAL dimensions to measure service quality. In a study of 30 industry specific scales of service quality, Ladhari (2008:76) also found that SERVQUAL was utilised as a starting point for the development of the item pool for several of their service quality instruments. The SERVPERF instrument is one of the models that uses all five of SERVQUAL's dimensions, namely reliability, responsiveness, assurance, empathy and tangibles but measures only the perception of service quality and not the expectations of customers as well. Several researchers have used the SERVPERF model (or a modified version thereof) with success and consider it a valid instrument. The position of this research study is that it agrees with Cronin and Taylor's (1992) argument that it is perceptions of actual service delivered and not a comparison between perceptions and expectations that determines service quality. Customer expectations are built into the perceptions that customers have of a service and it is therefore not necessary to measure it separately.

It is therefore decided that the SERVPERF instrument will be used to measure the perceived service quality that small business tenants receive from their landlords. From the extensive literature review, the five dimensions of service quality proposed by this instrument (reliability, responsiveness, assurance, empathy and tangibles) seem to fit in with the relationship between the landlord and small business tenants in shopping centres. The fact that small business tenants in shopping centres often feel that they are unfairly treated in

comparison with the bigger anchor tenants makes the FAIRSERV model also relevant to this research study. In addition to the five dimensions of SERVPERF, the “systemic fairness” dimension of the FAIRSERV model will be included in this research study’s model.

The model will make it possible to achieve the two main research objectives of this study, namely to measure the perceived service quality that landlords render to small business tenants in shopping centres, to investigate whether this model with its dimensions of SERVPERF and one dimension of FAIRSERV are pertinent to the landlord-small business tenant relationship in shopping centres, and the other secondary research objectives.

In the next chapter the small business tenant in shopping centres will be discussed.

## CHAPTER 4

### SMALL BUSINESS TENANTS IN SHOPPING CENTRES

#### 4.1 INTRODUCTION

It is increasingly recognised all over the world that small businesses, especially those with potential to grow, play an important role in the economic and social development of countries (Craig *et al.*, 2007:117; Crosby *et al.*, 2006:164; Nieman & Niewenhuizen, 2009:12; Wickham, 2006:39). Much employment is generated by small businesses and it is widely considered to be vital for competitiveness and economic growth (Caniëls & Romijn, 2005:591; Nieman & Niewenhuizen, 2009:14; Stokes & Wilson, 2010:152). It is from this understanding that the South African Government has since 1994 strived to create a favourable environment for small businesses as vehicles to address the challenges of job creation, poverty alleviation, economic growth and equity (Department of Trade and Industry, 1995:vii; Rogerson, 2004:765). The major role played by the government since then is through institutional restructuring, policy and regulatory reform that create a favourable environment for various institutions to work together and support small businesses in the country. If leases to small businesses in shopping centres were found to be inhibiting their ability to survive and to grow, it would be a cause for considerable concern that would be contrary to the Government's efforts.

Retail land uses constitute a significant part of the urban environment in all developed, as well as in a substantial and growing proportion of developing countries (Prinsloo, 2010:1). It is therefore important that careful consideration should be given to retail location. Retail location has long been considered as an important strategic business decision for a number of reasons (Yan & Eckman, 2009:24). Firstly, customers' store choice decisions are to a large extent influenced by accessibility of retail locations according to spatial interaction models, which indicate the relationship between a customer's perception of utility and

characteristics of a destination. Secondly, a sustainable competitive advantage through location strategy can be developed by retailers (Levy & Weitz, 2009:210). The most crucial measures of a location's and site's value are however, the number and type of people passing by. The site with the most pedestrian traffic therefore is often the best location for a business (Berman & Evans, 2010:287).

In South Africa, retailers, and in particular small business retailers, have a number of location options, ranging from unplanned retail locations such as CBDs to planned shopping centres. Small businesses have come to realise the advantages of locating their businesses in shopping centres. Shopping centres play a major role in attracting customer traffic to all the tenants because it is convenient for customers and, it provides an assortment of merchandise that in many cases exceeds that of the CBD (Levy & Weitz, 2009:201; Rajagpal, 2009:99; Roberts, Merrilees, Herington & Miller, 2010:598). Binding many stores under one roof creates a synergy that attracts more customers than if the stores were located in separate locations. In most cases, there will be a shopping centre only a short drive from home and parking is not such a problem as in the CBD.

Although planned shopping centres are an excellent site option for most businesses, they have some disadvantages. Firstly, the leasing fees in centres are relatively higher than those of some free-standing- and CBD sites. For small business this is especially troublesome because it can lower their eventual profits considerably. Secondly, shopping centres often limit retailers' flexibility in that landlords may require uniform hours and may specify the size and type of exterior design. Finally, competition within some shopping centres can be intense. It may be difficult, especially for small speciality stores, to compete directly with larger department stores (Levy & Weitz, 2009:201).

In spite of these difficulties, many small businesses found that the advantages of locating in shopping centres far exceed the disadvantages. The landlord however, has a huge impact on small business tenants in shopping centres. The objective of this research study is to explore this relationship and to determine what the level of perceived service quality is that small business tenants receive from their landlords in shopping centres.

In the previous two chapters, literature on services and service quality were analysed. Since the main objective of this research study is to investigate the service quality that small business tenants receive from landlords of shopping centres, this chapter will give an overview of shopping centres, small businesses in shopping centres and the relationship between tenants and the landlord.

## 4.2 INTRODUCTION TO SHOPPING CENTRES

The concept of the enclosed shopping centre became popular during the 1950s and early 1960s when business declined in many CBD's. During this time, shopping centres have become a popular way to build retail and it has since then dramatically reshaped retailing across the world (Carter, 2009:166; Kajalo & Lindblom, 2010:47). Shopping centres have perhaps been the most successful retail business concept of the last 50 years and have become the most powerful and adaptable machine for consumption that the world has ever seen (Beyard & O'Mara in Kajalo & Lindblom, 2010:47; Goedken, 2006:80). In fact, shopping centres also play a major role in customers' lifestyles and have become a community centre for social and recreational activities (Damian *et al.*, 2011:471; Howard, 2007:666; Lotz, Eastlick, Mishra & Shim, 2010:402; Meyer-Ohle, 2009:124; Miller, 2009:33; Mirel, 2008:31; Misonzhnik, 2011; Ng, 2003:449; Rintamäki, Kuusela & Spence, 2006:7; Terblanche, 1999:141).

The first shopping centres, as we know them today, were introduced in the USA during the 1950s and it has been estimated that there are currently almost 91 000 shopping centres in the USA, of which 1 100 are fully enclosed (Berman & Evans, 2010:281). Recently, shopping centre traffic and sales have however been declining in the USA and today limited resources are being spent on new shopping centre development. Since the mid-1990s, at least 300 older shopping centres in the USA, each with one or two anchor stores, have shut down (Levy & Weitz, 2009:202). Only five new shopping centres per year have opened between 2000 and 2005 and since 2006 no new enclosed regional malls have opened in the USA (Bodamer, 2011). During the past three years however, there have been numerous reports

that regional shopping centres in the USA have weathered the storm better than any of their supposed replacements, such as lifestyle centres (Bodamer, 2010; Bodamer, 2011; Misonzhnik, 2010; Misonzhnik, 2011).

The first completely covered shopping centre in South Africa was Hyde Park Corner, developed in 1969, and the first regional shopping centre was Sandton City that opened in 1973 (Cloete & Skinner, 2002:22). In contrast with the situation in the USA, South Africa has seen unprecedented growth in the demand for shopping centre retail space during the past 15 years, resulting in a significant shift in shopping focus from CBDs to suburban areas (Uys, 2009). In the five year period between 2006 and 2010, South Africa recorded the highest boom period ever in terms of shopping centre development, with the total amount of new retail space built over this period being an incredible 2,8 million square metres (Muller, 2009:21). From 2000 to 2005 1,4 million square metres of retail space was added to the market. Since 2007 alone, South Africa's total of shopping centres bigger than 30 000 square metres has surged by 50 percent, from 88 to 131 (Business Day, 2011a). Currently, South Africa has approximately 1 619 formal shopping centres, ranging from 1 000 square metres up to almost 150 000 square metres. These centres represent approximately 17 million square metres of an estimated 37 million square metres of all retail facilities (Prinsloo, 2010:1).

The declining market for some shopping centres in the USA may perhaps be all the more reason for shopping centre landlords in South Africa to improve their efforts in providing high quality services to their tenants. This research study may provide shopping centre landlords with the reality of how small business tenants perceive their services and may be an encouragement for them to pay attention to this important matter.

With the growing number of shopping centres, shoppers tend to be more selective. Shoppers in general are more likely to support centres that are more attractive and have a wide variety of stores and merchandise (El-Adly, 2007:937; Teller & Reutterer, 2008:130). If shoppers therefore prefer a specific shopping centre, the tenants will be more successful and they will tend to stay in the shopping centre. Shopping centres have indeed become a

prominent feature and an integral part of the modern urban landscape that today exist in towns and cities of widely divergent cultures and economies (Cloete & Skinner, 2002:2). One reason for this is that customers, in response to increasing time scarcity, have begun performing more than one activity at a time. This translates into multi-purpose shopping and one-stop shopping and accounts for the success of shopping centres (Carpenter, 2008:5; Martin, 2009:49; Reimers & Clulow, 2009:543).

### **4.3 DEFINITION OF A SHOPPING CENTRE**

A range of definitions have been developed for shopping centres. A commonly used definition states that a shopping centre is “a group of retail and other commercial establishments that is planned, developed, owned and managed as a single property, with on-site parking provided” (Berman & Evans, 2010:280; Goedken, 2006:80; Levy & Weitz, 2009:199; Pitt & Musa, 2009:40). A definition by Haque and Rahman (2009:170) describes a shopping centre as “basically a clean, protected place, where several businesses (retail, leisure and entertainment) are gathered in self contained, roof-over space with single location parking, designed so that people could both shop and spend time in a pleasurable atmosphere”.

### **4.4 TYPES OF SHOPPING CENTRES**

Various types of shopping centres may be distinguished in relation to functional, locational and physical criteria. Although South African shopping centres are in many respects similar to shopping centres in the USA and Europe, there are some differences, especially regarding the type of key tenants, the number of smaller shopping centres and the continued importance of the CBDs (Foreman, Skinner & Cloete, 2002:55). A distinction between the different types of shopping centres from a South African perspective will first be done according to their size criteria (Table 4.1) and location criteria (Table 4.2). This is done by primarily using the latest South African classification by Prinsloo (2010). Thereafter the different types of shopping centres will be briefly discussed.

**Table 4.1: Size criteria of different types of shopping centres in South Africa**

Type of centre	Size of centre (m <sup>2</sup> )	Number of stores	Size of land (ha)
<b>Small free standing and convenience</b>	500 -5 000	5-25	0,15 – 1.5
<b>Neighbourhood</b>	5 000 – 12 000	25 - 50	1.5 – 3,6
<b>Community</b>	12 000 – 25 000	50 – 100	3,6 – 7,5
<b>Small regional/ Large community</b>	25 000 – 50 000	75 – 150	7,5 - 15
<b>Regional</b>	50 000 – 100 000	150 – 250	15+
<b>Super regional</b>	Bigger than 100 000	More than 250	
<b>Lifestyle</b>	17 000 - 50 000	50 – 125	4,5 – 12+
<b>Value/Strip</b>	10 000 - 50 000	20 – 40	3 – 12+

Source: Prinsloo (2010:8-44)

**Table 4.2: Location criteria of different types of shopping centres in South Africa**

Type of centre	Average radius of primary trade area	Median travel time to the centre	Access requirements
<b>Small free standing and convenience</b>	1 – 1,5 kilometres	2 – 3 minutes	Suburban street or minor collector road
<b>Neighbourhood</b>	1,5 - 2 kilometres	4 – 9 minutes	Major collector road
<b>Community</b>	2,5 – 3 kilometres	6 – 14 minutes	Major arterial road
<b>Small regional/ Large community</b>	3 – 5 kilometres	10 – 16 minutes	Major suburban arterial road linking to a highway
<b>Regional</b>	5 - 8 kilometres	14 – 20 minutes	Major arterial road, usually a provincial road linking to a national road
<b>Super regional</b>	10+ kilometres	24 – 30 minutes	Major arterial road, usually a provincial road linking to a national road

Source: Prinsloo (2010:9-38)



#### **4.4.1 Small free standing and convenience centres**

These facilities aim at satisfying the local needs of the residents within one or two adjacent suburbs. It can comprise of a single building or a number of buildings located in close proximity to each other to provide a single destination (Prinsloo, 2010:8).

These centres can consist of one tenant or a number of very small tenants. An express convenience function is mostly offered by these centres (Prinsloo, 2010:8). Small free standing and convenience centres are usually located on collector streets in suburbs.

The tenant mix normally consists of an anchor tenant that is usually smaller than 1 000 square metres. Anchors typically can include a café, superette, Woolworths Food or other smaller grocery stores such as Kwik Spar or Pick-'n-Pay Family. Other tenants are convenience retailers including a pharmacy, deli, butchery, video store, hairdresser, dry cleaner, liquor store, florist and a hardware store.

Over the past 5 to 10 years, the popularity of small free standing and convenience centres has mainly been due to more and better supermarket/grocery/food offerings. Small food anchors like Woolworths Food have moved into these types of centres to improve the attractiveness, to increase the trade area and to offer a specialised product (Prinsloo, 2010:8).

#### **4.4.2 Neighbourhood centres**

This retail facility is aimed at the suburban level with a larger impact than the local convenience centre. These centres usually service the surrounding neighbourhood within a two kilometre range for people living or working in the area (Berman & Evans, 2010:285). Neighbourhood centres can also play an intercepting role for passing traffic to other suburbs (Prinsloo, 2010:12). The three most critical aspects with regard to these centres are the following:

- a reputable, good, attractive and well known food anchor;
- the provision of sufficient parking; and
- a very good micro location offering easy access for residents from the surrounding suburbs.

Neighbourhood centres intended for the suburb(s) in the immediate vicinity, are usually located on major collector roads in suburbs or township areas offering high visibility and accessibility to passing traffic.

Neighbourhood centres are typically anchored by a supermarket and designed for convenient shopping. This centre focuses on convenience-oriented goods and services (Berman & Evans, 2010:285). The anchor tenant is usually larger than 1 400 square metres with the typical tenants being Spar, Pick-'n-Pay, Checkers, Shoprite or Woolworths Food. The preferred supermarket is in most cases a reflection of the socio-economic profile of the residents in the surrounding suburbs. In many cases the food offering is complimented with stores like Fruit and Veg City and Everfresh. Other tenants in neighbourhood centres are convenience retailers such as a pharmacy, butchery, video store, hairdresser, dry cleaner, liquor store and a hardware store. Other tenants could include specialised stores, small clothing stores, restaurants and takeaways, as well as services like medical and banking facilities (Prinsloo, 2010:12).

Examples of neighbourhood shopping centres that are part of this study are Madelief Centre with 5 971 square metres of retail space and 29 stores, Montana Corner with 7 386 square metres of retail space and 36 stores, Moreleta Plaza with 7 934 square metres of retail space and Waverley Plaza with 10 992 square metres of retail space, and 52 stores.

#### **4.4.3 Community centres**

The role of a community centre is to satisfy the need for shopping facilities between that of a neighbourhood centre and that of a regional centre. The community centre has a larger catchment area and services more households. These centres are larger than a

neighbourhood centre and are anchored by a discount department store and may have additional anchors than what the neighbourhood centres have (Levy & Weitz, 2009:200).

The definition of a community centre is often not precise and are often defined the same as neighbourhood centres and small regional/community centres.

Community centres are offering a wider tenant mix than a neighbourhood centre. These centres however, are not large enough to offer a full range of comparative tenants. Community centres are located on main arterial roads which are accessible from a number of suburbs located in the area. The site typically offers high visibility to passing traffic and accessibility to the residents in the area (see Table 4.6). Between 60 percent and 70 percent of the customers of community centres visit these centres on at least a weekly basis where they spend between 60 – and 80 minutes at a time (Prinsloo, 2010:16).

The anchor tenants are mostly large supermarkets bigger than 2 500m<sup>2</sup>, consisting mostly of Spar, Pick-‘n-Pay Family, Pick-‘n-Pay and Shoprite/Checkers (or combined with a Woolworths Food store). The anchors are supported by smaller speciality stores that typically include a pharmacy, butchery, video store, hairdresser, dry cleaner, liquor store and a hardware store (Levy & Weitz, 2009:200; Prinsloo, 2010:16). Although to a limited extent, national clothing stores, boutiques and shoe stores are also included in the tenants mix. Restaurants, takeaway food stores and services like medical facilities, banking and a limited number of office tenants make up the rest of the tenants in these centres.

Examples of community shopping centres in Pretoria that are part of this study are Glenfair Boulevard with 16 800 square metres of retail space and 45 stores, Jakaranda Shopping Centre with 19 000 square metres of retail space and 54 stores, Mayville Mall with 21 000 square metres of retail space and 44 stores, Quagga Shopping Centre with 23 428 square metres of retail space and 56 stores and Waterglen Shopping Centre with 12 296 square metres of retail space and 45 stores.

#### **4.4.4 Small regional shopping centres/Large community shopping centres**

These shopping centres' role and function are mainly to satisfy the needs of the broader community and to offer a better tenant mix than the community centres. Most of these centres do not necessarily fulfil a true regional role, but rather that of a larger community facility. Some of these centres can also address the needs of a specific market segment. The tenants mix is wider and competes on both ends against community- and regional centres.

This retail facility offers a wide variety of stores, is bigger than a community centre and is at a better location with a wider tenant mix, but is not yet in the category of a regional centre.

These centres have good regional accessibility and the site offers high visibility to passing traffic and easy accessibility to the residents in the community/region.

Anchor tenants of a small regional/large community centre are one large supermarket (bigger than 4 000 square metres) with the typical tenants being Pick-'n-Pay and Shoprite/Checkers. Occasionally, one centre can have up to two food anchors. Convenience retailers are also part of the tenant mix with major national clothing anchor stores like Edgars, Woolworths and Mr Price, boutiques and shoe shops. Other tenants include restaurants, take away food stores, entertainment such as cinemas and services such as medical and banking facilities as well as limited office functions. The focus of the tenant mix is on comparative shopping in clothing and household items.

In most cases, these centres fulfil the needs of the community as well as that of a wider catchment area, because of the variety of stores available.

Examples of small regional centres/large community centres in Pretoria that are part of this study are Mall at Reds with 58 500 square metres of retail space and 118 stores, Wonderboom Junction with 40 000 square metres of retail space and 79 stores, Wonderpark

Shopping Centre with 62 950 square metres of retail space and 119 stores and Zambezi Mall with 50 000 square metres of retail space and 85 stores.

#### **4.4.5 Regional centres**

The role and function of these centres are to satisfy the needs of a large primary and secondary catchment area. These centres are often supported by a strong workforce in the immediate vicinity. Regional centres offer a wider entertainment component to attract people, especially during the evenings and for children during holiday periods. These centres also act as a catalyst for the establishment of a mixed use node with retail facilities, office firms, hotels, residential development and entertainment. These areas then develop into strong nodal areas (Prinsloo, 2010:25).

This is a large retail facility offering a wide variety of stores, sufficient parking facilities and a significant entertainment component. Regional centres are typically located near a major arterial road, usually a provincial road linked to a national road offering very high accessibility and visibility.

Regional centres can vary greatly in size and in many cases, two large supermarkets (larger than 3 500 square metres each) or one large supermarket of 8 000 square metres, are the anchor tenants (Berman & Evans, 2010:283; Pitt & Musa, 2009:43; Prinsloo, 2010:25). Typical anchor tenants will be Pick-‘n-Pay, or Pick-‘n-Pay Hyper, Shoprite/Checkers, or Checkers Hyper. A wide range of convenience retailer, clothing anchor stores such as Edgars, Woolworths, Mr Price, Foschini and Truworths, boutiques, shoe stores, restaurants, food court areas, entertainment such as cinemas, electronic games/games arcades and other services such as medical facilities, banking, cell phone service centres and office functions make up the rest of the tenant mix. The focus of the tenant mix is on comparative and destination shopping specifically in clothing and household items.

Examples of regional centres in Pretoria that are part of this study are Brooklyn Mall, with 81 830 square metres of retail space and 159 stores, Centurion Mall with 105 000 square

metres of retail space and 217 stores and Kolonnade Shopping Centre with 72 736 square metres of retail space and more than 155 stores.

#### **4.4.6 Super regional centres**

The role and function of these centres are to provide retail facilities for the whole metropolitan area, a large region, as well as national and international tourists (Berman & Evans, 2010:284; Levy & Weitz, 2009:201; Pitt & Musa, 2009:43; Prinsloo, 2010:29). These centres offer a very wide tenant mix, entertainment, services and the latest retail concepts. Super regional centres are a very large retail facility offering the widest possible variety of stores, an appealing shopping atmosphere, open and under cover parking facilities with a large entertainment component. Customers typically come as far as 15 to 70 kilometres to take advantage of the full range of merchandise and services offered by the major stores (Evans, 2010:284; Levy & Weitz, 2009:201; Pitt & Musa, 2009:43).

Super regional centres are situated in close proximity of a major arterial road, usually a provincial road linked to a national road offering very high accessibility and visibility.

These centres are characterised by the widest possible tenant mix with at least six anchor tenants that include groceries, clothing (all the national clothing brands), household goods (a wide variety of comparative home- and décor stores) and entertainment (cinemas, electronic games and exciting/fun facilities). The main focus of this type of centre is a wide range of entertainment facilities, and to provide the latest trends in all retail products and categories. New retail concepts are normally tested and first implemented on the super regional level (Prinsloo, 2010:30).

An example of a super regional shopping centre in Pretoria that is part of this study is Menlyn Shopping Centre, with 118 253 square metres of retail space and 300 stores.

#### 4.4.7 Lifestyle centres

Lifestyle centres is an emerging retail location that are gaining popularity over traditional enclosed shopping malls, especially in the USA (LaSalle, 2006:2; Levy & Weitz, 2009:204; Little, 2006:35; Wright, 2003:24; Yan & Eckman, 2009:29). A Lifestyle centre is an open-air, pedestrian-friendly project located near affluent residential neighbourhoods that includes at least 17 000 square metres of retail space occupied by upscale national chain speciality stores and restaurants. A heavy emphasis is placed on design and landscaping, giving the lifestyle centre a village square or Main Street atmosphere (Little, 2006:35; Reimers & Clulow, 2009:544). The design of these centres allows customers to have a distinct shopping experience by walking around in an open-air plaza with individual storefronts in sight and street furniture available. These outdoor retail settings are providing an ambiance that encourages customers to feel more relaxed and enjoy their shopping experience (LaSalle, 2006:2; Levy & Weitz, 2009:204; Miller, 2009:32; Yan & Eckman, 2009:24-25).

The typical tenants that will be found in a lifestyle centre are:

- coffee shops;
- upper class restaurants;
- high fashion clothing shops;
- Woolworths and other national flagship stores;
- book shops;
- good quality home ware stores;
- music stores;
- furniture stores; and
- other speciality stores.

Examples of Lifestyle centres in Pretoria that are part of this study are Brooklyn Design Square, with 13 500 square metres of retail space and 35 stores, Lynnwood Bridge with 13 000 square metres of retail space and 29 stores and West End Life Style Centre with 23 stores.

#### 4.4.8 Value/strip centres

The role and function of a value centre are to compliment the retail facilities that are not necessarily represented in large regional and super regional centres. These centres do not necessarily offer a full range of goods compared to other centres in the hierarchy. They are usually limited to specific product types. Only a few clothing stores are represented in this type of centre (Prinsloo, 2010:44).

Value/Strip centres normally complement other retail offerings in a particular node or sub node. These centres do not duplicate and compete with adjacent regional and super regional centres. The emphasis is on quality products at affordable prices. In some areas more than one value centre is found within the same node because of a variety of different products provided by different retailers (Prinsloo, 2010:44).

Most of these centres also offer a strong food/grocery component. The function therefore is destination and convenience driven. The value centres are mostly occupied by traders requiring large space and are destination oriented. Value/Strip centres are a collection of particular or complementary merchandise category dominant stores. The design and layout of the centre is open, with parking in front of the stores. The quality of the building is good but basic, with no extra frills (Prinsloo, 2010:44).

Some of the traders in these centres, such as Mr Price, Look & Listen and Incredible Connection are located in both shopping centres and in value centres. Sometimes a grocery store, and recently also hypermarkets, form part of the tenant mix. Value/Strip centres are in most cases complementary to traditional centres because of a different tenant mix.

There are basically two trends emerging from successful value centres, namely a location next to a regional centre, or a facility fulfilling a regional role like a Hyper store or Makro/Trade Centre. Alternative locations at highly visible and accessible locations along a main or national road prove to be more successful.



A value/strip centre could have the following type of tenants:

- specialised retailers occupying a large space, offering a wide variety of products at competitive prices, for example Incredible Connection, CD Warehouse, Hi-Fi Corporation, Sportsman Warehouse and Toys R Us (so called category killers);
- home improvement facilities like hardware, paint, furniture, tiles and interior decorating;
- a number of specific clothing stores like Clothing City and Shoe City;
- so-called factory shops;
- discounters;
- a grocery store (may vary from small to large space);
- a small component fast foods; and
- financial institutions.

For these centres to be successful, the most important requirement is to offer the right tenant mix. In the USA the equivalent of these centres are called “power centres” (Levy & Weitz, 2009:200; Pitt & Musa, 2009:43).

Examples of a value/strip centre in Pretoria that is part of this study is Montana Crossings with 20 508 square metres of retail space and Montana Value Centre with 30 stores.

#### **4.4.9 Hyper centres**

Hyper centres are providing supermarket facilities on a large scale. These centres also operate on a regional scale and were developed in the 1980s and 1990s. This concept is however not favoured by developer and retailers any more. This is now replaced with a “value/strip centre” where the hypermarket is one of the major tenants.

### **4.5 SHOPPING CENTRES AS INVESTMENTS**

Shopping centres are built by developers and are sold to the institutional investment community. The core business of a shopping centre is therefore above all, an investment

(Musa & Pitt, 2009:198). Most of these institutions are life insurance companies and big pension funds (Pitt & Musa, 2009:46). In South Africa a great deal of the estimated 1 300 shopping centres are also owned by pension funds and life insurance companies (Muller, 2008:24). More recently, there has been a massive inflow of investment from listed property groups and private developers. The biggest mall owner in South Africa is the listed property fund Growthpoint Properties Limited who has total property assets worth R45 billion, that include regional shopping centres such as Brooklyn Mall (Pretoria), Brooklyn Design Square (Pretoria), a share in the Kolonnade Shopping Centre (Pretoria), Waterfall Mall (Rustenburg), Northgate Shopping Centre (Johannesburg) and 50 percent share in the V & A Waterfront (Cape Town) (Business Day, 2011). Old Mutual's property portfolio is worth R26 billion. Prime properties like Gateway Theatre of Shopping (Umhlanga), Menlyn Park (Pretoria), Montana Crossings (Pretoria) and Cavendish Square (Cape Town) are owned by Old Mutual. Liberty Life's property assets valued at R23 billion (including hotels and a few offices). Liberty Life's portfolio includes Sandton City and Eastgate Shopping Centre (Johannesburg). Hyprop Investments' portfolio is a substantial R17,90 billion, that includes shopping centres such as Clearwater Mall (West Rand) and Woodlands Boulevard (Pretoria) (Business Day, 2011). The Public Investment Corporation has an estimated R8 billion exposure in shopping centres (Muller, 2008:24). Private developers, such as Atterbury Property Holdings and Zenprop, have retail portfolios valued at around R7 billion and R4,50 billion respectively.

The aim of the owners of shopping centres is to secure a future stream of income in return for their capital investment. Retail property investments do offer long-term security and a reliable income stream to investors (Pitt & Musa, 2009:47; Singh, Bose & Sahay, 2010:59). The owners' main focus is therefore on making maximum profit for their investors. The quality of management in the shopping centres is an important factor that can affect the success or failure of the shopping centre and can have an influence on the profit for the owners. The shopping centre management should therefore optimise the return from the productive resource of the property, extend the productive life of the building and preserve and enhance the capital value of the centre (Musa & Pitt, 2009:198; Pitt & Musa, 2009:47).

In this way the owners seek to secure a future stream on the capital investment while also adding capital value to the investment. This quest of shopping centre management for maximum return on investment (ROI) for their owners, often serves as a spoke in the wheel when it comes to the service quality being offered to the tenants. In order to satisfy the owners, centre managers often try to cut costs when it comes to services offered to the tenants.

#### **4.6 SHOPPING CENTRE MANAGEMENT**

A shopping centre's success is dependent on the operation and management thereof. Shopping centre managers have the daunting task of identifying, understanding and meeting the ongoing needs of customers, tenants and the owners. Shopping centres' core business is however, not retailing, but the provision of a business place that includes retail space, facilities and services to the potential tenants. The core business of shopping centres is therefore to lease retail space for profit (Pitt & Musa, 2009:40). The non-core business of shopping centres is a supporting function to the core business and its tenants. This non-core business is not aimed at generating income, but at a cost ensures the effectiveness of the supporting function. This aspect of the non-core business of shopping centres is identified as managing the property and facilities (Pitt & Musa, 2009:40). For centre managers in a shopping centre to maximise the income stream, they have to optimise the operational costs. This would be the main challenge for shopping centre managers today.

Shopping centres are becoming more complex in terms of its size, type and characteristics and this complexity depicts the challenging role the management team face. From the onset, it is vital for the owner to establish excellent management teams in order to face these challenges. The reality is that all shopping centres have to compete with other shopping centres (Pitt & Musa, 2009:54) and it is therefore essential to pay attention to service quality.

The roles of the shopping centre management team include a thorough development of decision-making, managerial creativity and the art of management (Pitt & Musa, 2009:48). The management teams may differ from centre to centre, because every shopping centre

will seek and attempt to establish the right teams to face the challenges of their unique shopping centre in today's competitive environment. A joint partnership-based focus on business by all the parties involved thus seems to be important for successful shopping centre management (Howard, 1997:267). Shopping centres have to be managed just like any other business and a most precious asset of any business is its relationship with its customers and suppliers. To identify, understand and meet the ongoing needs of the customers, tenants and owners, is understandably the most consistent challenges for shopping centre management (Alter, 2008:34; Ashley, 2009:33; Pitt & Musa, 2009:48).

The shopping centre manager has a duty to ensure the success of the shopping centre. Three main aspects will be part of the operation and management of shopping centres, namely property, facilities and tenant mix (tenant mix will be discussed in the next section). It is important for the management to maintain and organise in particular the image and the physical facilities of the shopping centre. Aside from this, it is also important to retain the value of the property and optimise the operational cost (Pitt & Musa, 2009:49).

#### **4.7 THE IMPORTANCE OF TENANT MIX**

A shopping centre's marketing and financial success is dependent on many factors. Previous studies suggested tenant mix, the quality of location and accessibility, car-parking provision, internal layout, atmosphere that the facility provides, cleanliness, security, store layout and environment as among the main success factors (Haque & Rahman, 2009:179). Dornbusch (1992:9) and El-Adly (2007:946) stated that the hallmarks of a well-managed shopping centre include a clean, safe and attractive centre and, at the same time, a quality and diverse tenant mix. These factors in combination will have an influence on whether or not a developer/landlord will be successful in marketing the centre to both potential tenants and potential customers.

Among these success factors, it is widely recognised that the tenant mix of a shopping centre is most critical for all parties concerned – customers, retail tenants and the developer/landlord (Ibrahim & Galven, 2007:242; Misonzhnik, 2010; Musa & Pitt, 2009:198;

Teller & Reutterer, 2008:137; Warnaby, Bennison & Davies, 2005:894; Yiu, Xu & Ng, 2008:317). The term tenant mix refers to “having a variety of stores that work well together to enhance the performance of the entire centre as well as performing successfully as individual businesses” (Greenspan, 1987:29).

It is important for a landlord to decide on a unique identity for the shopping centre and to use this identity as basis for setting up a proper mix of tenants (Alexander in Ibrahim & Galven, 2007:241). Each tenant should be evaluated and the landlord should determine if the tenant would fit the tenant mix. A tenant plan, created through market research and lengthy investigations, will help place tenants in the accurate area of the shopping centre where they are expected to prosper (Plant, 2009; Yiu *et al.*, 2008:317). According to Ibrahim and Galven (2007:242) and LaSalle (2006:3), substantial representation among a wide range of tenant types should be a primary goal. The number and kind of stores are also linked to overall population needs (Berman & Evans, 2010:280). It is believed that tenant diversification is a great long-term investment strategy that will serve to absorb shocks when customer preferences abruptly change. The most important aspect for the owners of shopping centres and the tenants is undoubtedly traffic to the shopping centre and with the correct tenant mix, the landlord’s profit can be maximised. Chebat, Sirgy and Grzeskowiak (2009:2), Meyer-Ohle (2009:131) and Haque and Rahman (2009:179) also point out that with more and more shopping centres being opened, it is essential for landlords to differentiate what they offer to customers in order to stay competitive.

The most important element of survival for shopping centres lies with its tenants (El-Adly, 2007:946; Ibrahim & Galven, 2007:241). The tenants in shopping centres can be categorised into two types, namely traffic attractors and traffic users (Baey in Ibrahim & Galven, 2007:241). The traffic users within a shopping centre depend on the visitors drawn by the traffic attractors. These tenants are normally specialised shops such as jewellery stores, exclusive boutiques, small sunglasses shops and small business retailers such as curio shops. It is a general assumption that the smaller tenants’ survival depends on the success of the traffic attractors. A traffic attractor is typically the tenant that draws the human traffic to the shopping centre and controls the customer movement patterns within the centre (Ibrahim

& Galven, 2007:240; Mirel, 2008:29; Snyders & Cloete, 2002:364). Examples of these stores are usually large grocery stores such as Pick & Pay, Pick & Pay Hyper, Checkers, Checkers Hyper and Shoprite. Other traffic attractors can be large variety stores such as Woolworths and Game. These tenants are able to draw huge crowds to them, mainly because of their good reputation and because they have an extensive range of goods and services to offer.

These large and prominent stores within shopping centres are known as anchor tenants (Konishi & Sandfort, 2003:413; Levy & Weitz, 2009:200; Mirel, 2008:29; Pitt & Musa, 2009:44). An anchor store can be defined as “a store that increases, through its name’s reputation, the traffic of shoppers at or near its location” (Konishi & Sandfort, 2003:413; Levy & Weitz, 2009:200). For many years, it was an important aim for any landlord, to secure an anchor tenant’s lease, even before the space is available for occupation (Ibrahim & Galven, 2007:240). According to Damian *et al.* (2011:457), an anchor store is typically a unit integrated within a shopping centre with a mixed variety of stores, whose purpose is to significantly increase the centre’s appeal. Features that are typical of anchor tenants are that they are large (usually more than 600 square metres), are a national or international chain, has a strong brand (high awareness and positive response levels), contributes significantly to traffic flow into the centre (specifically generates footfall), has widespread appeal (it would trade successfully as a stand-alone unit) and usually enjoys a privileged position with regard to rent and service charges (Damian *et al.*, 2011:457).

Initially, anchors were typically supermarkets and department stores, but today’s anchors can be anything from full-service department stores, mass merchandising retailers and grocery stores, to movie theatres, restaurants, bookstores, electronic stores, upscale retailers and gourmet food and wine markets (Mirel, 2008:29). It is generally accepted that customers visit the shopping centre and that the particular anchor tenant’s presence will drive traffic to that site. This in turn helps to generate sales and profits for the other smaller independent tenants (Damian *et al.*, 2011:471; Ibrahim & Galven, 2007:242). Emphasis is also being placed on the anchor tenant’s role in creating movement patterns within the centre itself and the anchoring of zones in the centre (Snyders & Cloete, 2002:365).

Landlords are well aware of the fact that the realisation of a maximum return on their investment requires the presence of such a major tenant (Damian *et al.*, 2011:471; Ibrahim & Galven, 2007:242; Mirel, 2008:29). This is actually one of the reasons why anchor tenants are able to enjoy rents that are far less per square metre than the smaller independent retailers. Landlords are using this strategy to lure the well-established anchor tenants into their shopping centres (Levy & Weitz, 2009:200). The small retailers however, do not have much bargaining power and landlords mostly see no incentive to lower their leasing fees. The result is therefore, that small business tenants have to pay a much higher leasing fee per square metre than the anchor tenants (Damian *et al.*, 2011:471; Ibrahim & Galven, 2007:243).

It is on the other hand, important for landlords to realise that the different tenant categories (anchor stores and small independent businesses) are interdependent on attracting customers to the shopping centre. The anchor stores will attract most customers to the centre while a proportion of smaller retail tenants will add variety and help build a differentiated image to attract customers. It is evident that the success of individual tenants and the success of a shopping centre as a whole are interdependent and enhanced by the cumulative synergy generated by the tenant mix (Damian *et al.*, 2011:471; Carlson, 1991:15; Ibrahim & Galven, 2007:242; Jones, 2007:42). It is also important that shopping centre management needs to adapt and change their tenant mix strategy in response to external forces and, that they should bear in mind that the ongoing maintenance of a centre's market positioning and image will most likely require periodic incremental changes (Warnaby *et al.*, 2005:895). To ensure the overall success of shopping centres, it is also important that landlords realise the significance of rendering good quality service to all their tenants and, maintaining a good relationship with them.

#### **4.8 THE LANDLORD-TENANT RELATIONSHIP IN A SHOPPING CENTRE**

Shopping centres include a complex network of internal and external relationships that can impact on the operations and working environment of the centre (Roberts & Merrilees, 2003:1095; Whyatt, 2008:317; Yu & Ramanathan, 2008:879). The most important and most

critical of these relationships is the one between landlords and the tenants. This is also the relationship that is perhaps most loaded with potential conflict (Pharr, 2010:10). An interesting aspect of shopping centres is that their success is dependent on the success of the tenants. It can therefore be argued that shopping centres can be seen as a joint business of tenants and owners. It only makes sense then, that the relationship between landlords and all the tenants (big anchors and small businesses) should be a high priority.

In this regard, Howard (1997:267) suggests that a partnership approach among all the tenants and shopping centre management is key for the success of the centre, as collaboration in the relationships provides mutual benefits and synergies. In order to work jointly together for the mutual benefit of both parties, it will be important to develop good communication and trust between them to overcome these conflicts (Alter, 2008:34; Bodamer, 2010:6; Roberts & Merrilees, 2003:1095; Roberts *et al.*, 2010:607). In a study by Roberts and Merrilees (2003:1098) they found that a positive relationship does impact on a landlord's performance, but landlords see this impact as less significant than what the tenants thought it to be. This is in line with Perendergast, Marr and Jarratt's (1996) findings that in general, landlords rated their own performance much higher than what the tenants did.

Roberts *et al.* (2010:607) also found that landlords must realise that there is also benefits for them if trust is part of their relationship. Apart from greater harmony, there are also performance consequences of higher levels of trust, namely a higher rate of lease renewal by retail tenants. Roberts *et al.* (2010:608) feel strongly about the fact that the level of service quality provided by landlords is the most powerful way of enhancing brand attitudes and, if they want to increase the level of favourable perception of overall service quality, they need no improve the level of service quality. This would amongst other things, contribute to better relations between landlords and tenants and, increase the profits for the shopping centres.

In the opinion of Dean and Lee (1998:42), maintaining tenant satisfaction and goodwill have become as important to property management as rent collection. It is of particular



importance for landlords to ensure that their tenants stay with them, as the costs of attracting new tenants are much higher than the costs of keeping the present tenants (Ashley, 2009:34; Matzler & Hinterhuber, 1998:26; Roberts *et al.*, 2010:609). “Suburban shopping centres were the most successful retail establishments of the twentieth century.” This is the view of Carter (2009:165) and it is therefore understandable that landlords in shopping centres will have to be proactive in the area of service quality. According to Ashley (2009:35), Dogge, Dogge and Smeets (in Appel-Meulenbroek, 2008:44) and Roberts *et al.* (2010:608), satisfied tenants are more committed, making them more loyal to the landlord and are not likely to move to other premises.

One reason why so many landlords seldom keep the promise of quality service to their tenants is that it is often difficult to quantify. As a result, although they intend to make service quality a top priority, they never really know how well the objective of service quality is being achieved (Gray, 1992:48). Property managers, landlords and asset managers in the real estate industry are acknowledging the value of measuring and benchmarking the level of service quality as a technique for retaining tenants at their properties. Measuring service quality can help landlords to identify the areas that can provide them with a competitive edge and those areas that need to be improved upon (Gray, 1992:48). This research study will attempt to give landlords a service quality measurement tool to measure their tenants’ perception of service quality received from them.

#### **4.9 LANDLORD-TENANT CONTRACT OF LEASE**

The definition of a contract of lease is “an agreement entered into by the parties when the one party called the lessor, makes the use and enjoyment of property available to the other, called the lessee, in return for the payment of rent” (Jacobsberg, 2009:1; Marnitz, 2002:420). The subject matter of the lease is not the leased property itself, but the use and enjoyment thereof. The lease is therefore the contract that controls the relationship between the landlord and the tenant (Crosby, Hughes & Murdoch, 2006:164).

The relationship between the lessor and lessee is governed by the contract or by Common Law. In terms of the Common Law the lessor's (landlord's) obligations are:

- to warrant against substantial or material defects;
- to make the premises available to the lessee;
- to allow the lessee undisturbed use and enjoyment of the property (warrant against eviction);
- to maintain the leased property; and
- to pay the taxes levied against the property by any authority.

In terms of the Common Law the lessee's (tenant's) obligations are:

- to pay the leasing fee;
- to use the leased premises in a proper manner; and
- to restore the leased property on termination of the agreement to the lessor in the same condition as it was received , fair wear and tear excluded.

For shopping centres, with its variety of tenants all seeking to do business with the public, proper lease arrangements are vital for successful operation. The tenants will on the one hand be competing with each other and on the other hand should be strengthening and complementing each other (Marnitz, 2002:425). Leases between landlords of shopping centres and their tenants generally have provisions affecting all aspects of the occupation. These can include the leasing fee, the liabilities of repair and insurance, the ability to assign (sell the business) and sublet the premises to other tenants or to break (terminate) the lease before the expiry date (Crosby *et al.*, 2006:164). It is therefore clear that lease terms can have an impact on the ability of a tenant's business to develop and grow. The lease terms can inhibit or facilitate certain aspects of day-to-day operation and substantially affect cash flow for the tenant's business.

A commercial lease is however, a long and complex document that details how the premises may be used and where the relationship between the tenant and landlord is set out. It can thus be daunting, especially for small business tenants, to negotiate a lease. According to Jacobsberg (2009:1), the following clauses to the leasing contract should be considered before committing to the contract:

- **The usage clause:** a lease in a shopping centre will usually only allows the tenant to use the premises for a specified purpose. In some cases, the tenant may be restricted to trade under a particular brand name. Landlords are normally unlikely to be flexible when it comes to this clause as the viability of the shopping centre depends on having a good tenant mix.
- **Merchant Association contribution:** most shopping centres have a Merchant Association. This is a group that represents the tenants and deals with matters such as parking, use and maintenance of general areas, the marketing of the centre, and so forth. A tenant may be obliged to contribute a monthly amount (generally a proportion of turnover) towards the administrative expenses of this body.
- **Refurbishment of the tenant's store:** the tenant will normally need some time to install shop fittings and equipment before the shop can be opened and, it is unlikely that the tenant will earn an income during this period. The landlord may agree that no rental, or at least a reduced rental, be paid during this period. The landlord may however ask the tenant to finish the shop fittings and open the shop within a reasonable period of time.
- **Compulsory trading hours:** Most landlords will insist that tenants keep their stores open for a minimum number of hours per day and a minimum number of days of the week. The tenant will have to take into account the cost of keeping the business open and in particular, paying staff to work these hours, even though it may not be profitable to do so.
- **Cession and sub-letting:** it is very unusual for landlords to permit joint occupancy of premises by different businesses. This is related to the issue of tenant mix as the landlord want to retain control over the number and types of businesses in a shopping centre. If sub-letting is allowed, a tenant will need the landlord's consent in advance.

- **Option to renew:** tenants would want to renew their lease, especially if the business is successful. An option to renew is very common in retail leases, but the landlord will naturally only consider allowing the tenants to renew if they have been meticulous about paying rent and meeting other obligations during the initial period of the lease.

Landlords may be prepared to negotiate on certain terms of leases, but they can normally afford to be flexible only up to a certain point. Jacobsberg (2009:1) advises that small business tenants in particular employ an appropriate professional to help them through the process of negotiating a lease. The terms of many retail leases are detailed and complicated and the advice of an attorney with the necessary experience is essential.

Before small businesses in shopping centres are discussed, it is necessary to define a small business and briefly look at the most important constraints they are facing.

#### **4.10 DEFINITION OF SMALL BUSINESS**

Unemployment is one of the most important challenges faced by the government of South Africa. This has been made worse by the fact that over the last two decades, the formal economy (especially mining) has been shedding jobs and many workers were retrenched. Furthermore, every year hundreds of thousands of new job seekers (the vast majority of them youth) join the army of the unemployed.

It is accepted worldwide that the development and growth of small, micro and medium enterprises (SMMEs) can play an important role in turning this situation around. Policies and programmes to support the development of SMMEs are therefore an important part of the democratic government's programmes to create a better life.

A strategy was outlined in a White paper by the Department of Trade and Industry (the lead department for SMME development) entitled: "A National Strategy for the Development of

Small Business in South Africa (May 1995)”. A year later, the National Small Business Act was passed by Parliament, which provided a way for the institutions to implement this strategy. Small businesses include a wide variety of business types that are independently owned, operated and financed. The definition of small business varies between countries. The most common criterion used to distinguish between large and small businesses is the number of employees. Other criteria include sales revenue, the total value of assets and the value of owners’ equity (Hatten, 2003:5). In South Africa, the National Small Business Act No. 102 of 1996 defines a small business as:

“A separate and distinct business entity, including co-operative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or subsector of the economy mentioned in column one of the Schedule (see Table 4.3 on the next page) and which can be classified as a micro-, a very small, a small or a medium enterprise by satisfying the criteria mentioned in columns three, four and five of the Schedule (see Table 4.3) opposite the smallest relevant size or class as mentioned in column 2 of the Schedule” (National Small Business Amendment Act, 2003).

Table 4.3 is presented on the next page.

**Table 4.3: Classification of small businesses in terms of National Small Business Amendment Act, Act 26 of 2003**

Sector or subsector in accordance with the Standard Industrial Classification	Size of class	Total full-time equivalent of paid employees Less than	Total annual turnover Less than	Total gross asset value (fixed property excluded) Less than
Agriculture	Medium	100	R 5.00 m	R 5.00 m
	Small	50	R 3.00 m	R 3.00 m
	Very small	10	R 0.50 m	R 0.50 m
	Micro	5	R 0.20 m	R 0.10 m
Mining and Quarrying	Medium	200	R39.00 m	R23.00 m
	Small	50	R10.00 m	R 6.00 m
	Very small	20	R 4.00 m	R 2.00 m
	Micro	5	R 0.20 m	R 0.10 m
Manufacturing	Medium	200	R51.00 m	R19.00 m
	Small	50	R13.00 m	R 5.00 m
	Very small	20	R 5.00 m	R 2.00 m
	Micro	5	R 0.20 m	R 0.10 m
Electricity, Gas and Water	Medium	200	R51.00 m	R19.00 m
	Small	50	R13.00 m	R 5.00 m
	Very small	20	R 5.10 m	R 1.90 m
	Micro	5	R 0.20 m	R 0.10 m
Construction	Medium	200	R26.00 m	R 5.00 m
	Small	50	R 6.00 m	R 1.00 m
	Very small	20	R 3.00 m	R 0.50 m
	Micro	5	R 0.20 m	R 0.10 m
Retail and Motor Trade and Repair Services	Medium	200	R39.00 m	R 6.00 m
	Small	50	R19.00 m	R 3.00 m
	Very small	20	R 4.00 m	R 0.60 m
	Micro	5	R 0.20 m	R 0.10 m
Wholesale Trade, Commercial Agents and Allied Services	Medium	200	R64.00 m	R10.00 m
	Small	50	R32.00 m	R 5.00 m
	Very small	20	R 6.00 m	R 0.60 m
	Micro	5	R 0.20 m	R 0.10 m
Catering, Accommodation and other Trade	Medium	200	R13.00 m	R 3.00 m
	Small	50	R 6.00 m	R 1.00 m
	Very small	20	R 5.10 m	R 1.90 m
	Micro	5	R 0.20 m	R 0.10 m

Table 4.3 continues on the next page.

**Table 4.3: Continued**

Sector or subsector in accordance with the Standard Industrial Classification	Size of class	Total full-time equivalent of paid employees Less than	Total annual turnover Less than	Total gross asset value (fixed property excluded) Less than
Transport, Storage and Communications	Medium	200	R26.00 m	R 6.00 m
	Small	50	R13.00 m	R 3.00 m
	Very small	20	R 3.00 m	R 0.60 m
	Micro	5	R 0.20 m	R 0.10 m
Finance and Business Services	Medium	200	R26.00 m	R 5.00 m
	Small	50	R13.00 m	R 3.00 m
	Very small	20	R 3.00 m	R 0.50 m
	Micro	5	R 0.20 m	R 0.10 m
Community, Social and Personal Services	Medium	200	R13.00 m	R 6.00 m
	Small	50	R 6.00 m	R 3.00 m
	Very small	20	R 1.00 m	R 0.60 m
	Micro	5	R 0.20 m	R 0.10 m

Source: National Small Business Amendment Act No. 26 of 2003

#### **4.11 THE ROLE OF SMALL BUSINESSES IN SHOPPING CENTRES**

Small businesses require suitable locations to do business in (Crosby *et al.*, 2006:164). It is common knowledge that location is one of the most important factors behind business competitiveness. Small businesses therefore seek space in shopping centres, which they see as good locations for their businesses because the site with the most pedestrian traffic (like shopping centres) is often the best location for a small business (Berman & Evans, 2010:287).

Small businesses often give character and uniqueness to a shopping centre and are indeed essential to the success of a shopping centre (Haber, 2009; Ibrahim & Galven, 2007:243). Developers and landlords of shopping centres admit that they need variety in their tenant mix because they do not want one shopping centre end up looking like the next one (Plant, 2009; Whittemore, 1992:53). In their research, Chebat *et al.* (2009:2) found that shopping

centres with a variety of different stores are likely to be more favoured by customers than centres with less store assortment. According to Ibrahim and Galven (2007:243) and Haber (2009), another advantage that small tenants have over larger stores, is the fact that they are more sensitive and more flexible in providing for the ever-changing needs of the customers. Another important fact to remember is that small business retailers yield higher rentals per square metre as compared to anchor tenants in the same shopping centre (Ibrahim & Galven, 2007:243).

Although landlords of shopping centres realise the importance of accommodating small independent businesses in their centres, it is still argued today that they are at a competitive disadvantage regarding several issues. Kinnard and Messner (1972:21) state that since at least 1960, there has been documentary evidence in support of the claim that small retailers in shopping centres are discriminated against when it comes to prime retail locations in shopping centres. Fickes (2002:20) admits that small tenants “may be getting squeezed out of better centres here and there”. Even if a small business gets hold of a space in a shopping centre, their difficulties do not stop there. The fact that small tenants pay a much higher leasing fee per square metre than the anchor tenants is often the cause of inter-tenant tensions that impact on the overall relationship between disaffected tenants and landlords (Roberts *et al.*, 2010:599). Crosby *et al.* (2006:183) also point out that, although small business tenants get different leases in comparison with larger tenants, it does not necessarily mean that their leases are appropriate to their needs. It does not mean that a lease that suits one small business tenant will also suit another small business tenant. They may have different needs with regard to the length of a lease and also the flexibility to exit their leases early by way of assignment, subletting or a break. Because the needs of small business tenants differ, an appropriate outcome will hinge on the individual tenant’s ability to appreciate their business needs and to negotiate effectively (Crosby *et al.*, 2006:183).

Another potential conflict area between small business tenants and landlords is to centre promotions. The small tenants often perceive that they are excluded from promotional ventures that focus primarily on the larger anchor stores (Roberts *et al.*, 2010:599).



Alter (1999:61) argues that small independent tenants often fail due to a deficiency in areas such as business knowledge, money, customer service, and merchandising or marketing. While no landlord can ensure that all tenants succeed, Alter (1999:61) suggests that learning to help tenants avoid these all-too-familiar problems and can help to increase turnover.

#### **4.11.1 Lack of business knowledge**

Although small business tenants may be very knowledgeable about their particular field, they may not be shrewd businesspeople. Holmes (2006:1) concurs fully with this and says that “statistics reveal that 90 percent of small business failures are due to a lack of knowledge or skills on the part of the entrepreneur”. In a study done by Crosby *et al.* (2006:183) for instance, they found that many small business tenants are not aware of the implications of leases and take little appropriate advice prior to signing leases. Their priorities, especially when it comes to lease negotiations, are dictated by immediate operational needs and little consideration is given to future and longer-term requirements. They found that in most cases, small tenants will not address issues such as the type of lease, assignment, subletting and breaks.

#### **4.11.2 Inadequate finances**

Together with a lack of business skills, a lack of capital is among the major reasons for the high failure rates among small businesses (Lotz & Marais, 2007:694; Strydom & Tustin, 2004:1). These aspects make it more difficult for small businesses to face competition and as a result, they have a high mortality (Makatiani, 2006:1). This holds especially true for small business tenants in shopping centres as they are faced with high leasing fees. According to Carswell (2008), these leasing fees of small business tenants can be up to ten times the amount per square metre than what the anchor tenants pay. Although this disparity between the rents paid is justified by the fact that anchor tenants are magnets for the smaller tenants and provide them with high foot traffic, they often simply do not have the sales to meet the leasing fees (Carswell, 2008). Another drawback for small business tenants is the

fact that they normally secure short-term leases that provide built-in mechanisms for increasing the leasing fees whenever deemed necessary by the landlord (Fickes, 2002:20).

It is also critical that the tenant and landlord understand how the new store will be financed and what it will take to actually run it. Often, small start-up tenants may not understand that their work is not complete and their worries less, once the store opens. They often do not have adequate cash to cover their first six to twelve months in business. Sometimes they are unprepared for the fact that they may not make money immediately (Alter, 1999:62). Small business tenants that are independently owned and managed, usually with a relatively low volume of sales have no “big brother” company to carry them through tough economic times. As a result they are inevitably the first to close their door under financial pressure (Uys, 2009).

#### **4.11.3 Inferior customer service**

Small business tenants do not always understand how crucial good service quality to their customers can be, or they may not have the knowledge on how to achieve good service quality. Lack of experience in this regard may be one of the most pressing problems (Hatten, 2003:23).

#### **4.11.4 Poor merchandising**

Small tenants do not have the research capacities of large, national chain stores, but they should not neglect the demographic and market research needed to pinpoint their customers (Alter, 1999:64).

While landlords and shopping centre managers cannot make up for limited business savvy or finances on a small tenant’s part, it is certainly possible to help tenants by taking a proactive approach.

Alter (1999:64) suggests the following on how landlords and small tenants can help themselves:

- Firm qualification procedures should be put in place by landlords. Prospective tenants have to give landlords a business plan, including their current financial statements. Landlords should familiarise themselves with the tenant's business and feel comfortable that the small tenant can be successful.
- Landlords must make sure their prospective tenant fits the tenant mix in the shopping centre. They have to take a close look at their new tenant's placement in the centre, and their compatibility with the other users.
- Landlords should be a source of information and be resourceful towards tenants. Landlords should provide their tenants with good customer service.
- Landlords should share information with their tenants about industry norms and standards, retailing and marketing.
- If possible, landlords should provide additional marketing opportunities for tenants within the centre.
- Landlords could develop training programmes on customer service, loss prevention, and merchandising for the small tenants and their employees.
- Landlords should encourage communication with the tenants by visiting their stores and talking with them about problems that they might experience.

In spite of all these suggestions and assistance offered to help small tenants in shopping centres, the reality often looks totally different. Quite often the landlord is victimising and bullying the small business owners in shopping centres, especially with regards to the lease agreement (Barios, 2007; Carswell, 2008; Cockram, 2002:43; Nieman, 2000:12; Roberts *et al.*, 2010:599). Landlords seldom budge on any clauses or fees when it comes to small businesses. They are treating small tenants with an attitude of "take it or leave it".

Nieman (2000:12) indicates that the following clauses in most lease agreements are discriminatory and not small business-friendly:

- Trading hours are enforced without consideration of the cost or limited manpower. Quite often merchants' associations are run and dominated by the anchor tenants and it is here where shop hours and other rules are often introduced.
- The landlord must approve shop fronts and fittings. Often these are ridiculous expectations from the centre architect for the sake of aesthetics, and thus ignoring that beauty is in the eye of the beholder.
- Businesses cannot be sold without the prior approval of the landlord.
- Lease agreements cannot be transferred to another party without prior approval of the landlord. Quite often a small tenant wants to cancel their lease and finds another tenant but then the landlord refuses to release the entrepreneur from his or her obligations.
- Enforcement of electronic point of sales systems with the right of direct access to information by the landlord. With this clause landlords ignore the right to confidentiality.

#### **4.12 CONCLUSION**

In this chapter insight was given on the landlord, tenant and the leasing contract in general from a South African perspective. This chapter also emphasised the difficulties that small business tenants are faced with when dealing with landlords, especially in comparison to big anchor tenants.

This chapter concludes the literature review on service quality, small business tenants and the relationship between landlords and tenants in shopping centres. The literature review was of particular importance in determining the critical factors of service expected in shopping centres by customers in general and small business tenants in particular.

In the next chapter the research methodology used in this research study will be described.

## CHAPTER 5

### RESEARCH DESIGN AND METHODOLOGY

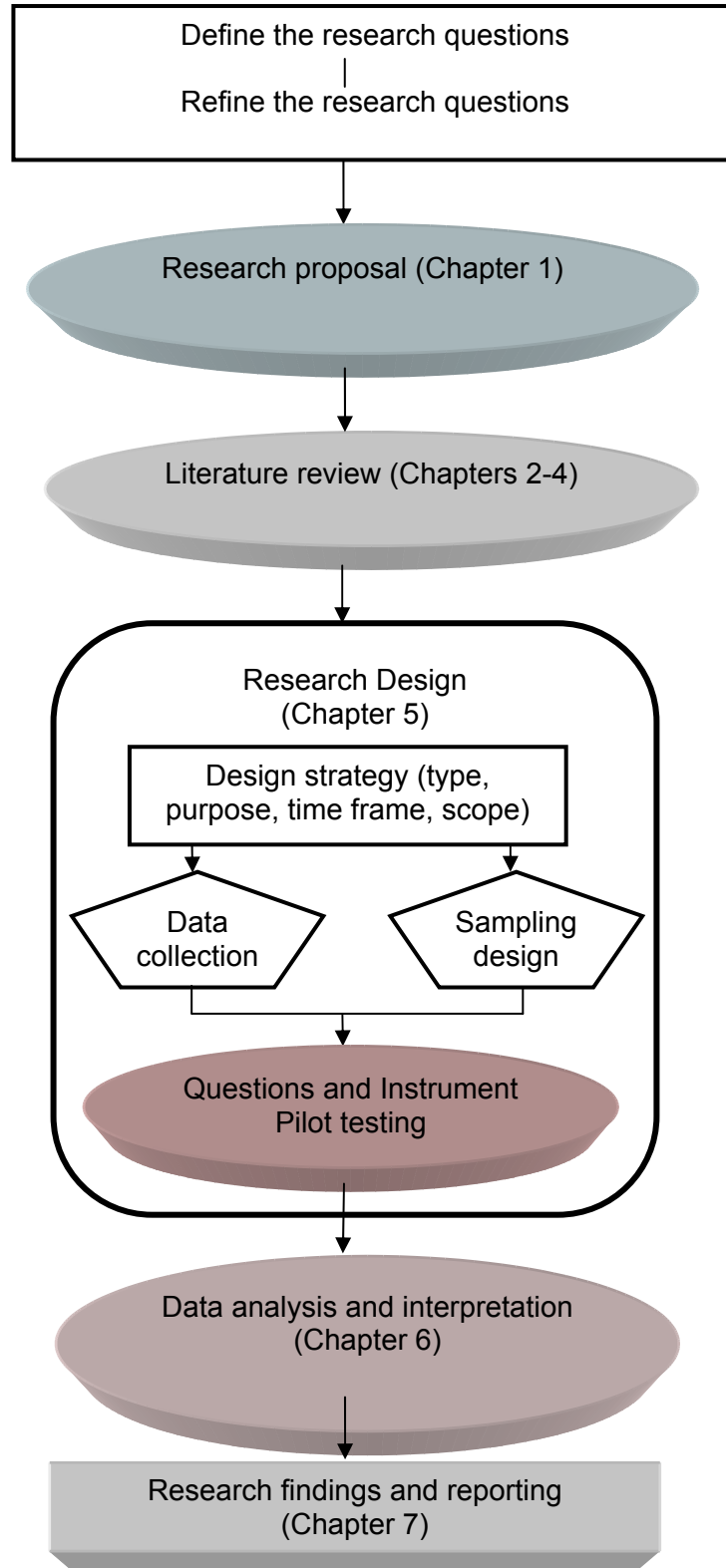
#### 5.1 INTRODUCTION

There would be a cause for considerable concern and it would be contrary to the Government's efforts to create a favourable environment for small businesses in South Africa if the quality of services that small businesses in shopping centres receive from their landlords were found to inhibit their ability to survive and to grow. It is therefore justified to use a service quality model for assessing the services provided by shopping centre managers, because it would be an essential means to improve these services and make it more conducive for small businesses to survive.

This study is based on this issue and, the most important objective of this research study is to assess the service quality that small business tenants receive from landlords. In order to achieve this objective, a literature review was necessary and empirical research was conducted as well. The literature review was dealt with in Chapters 2, 3 and 4. This chapter will focus on the research design and methodology used to address the research objective. Figure 5.1 on the next page illustrates the research process as used throughout this study.

This research study made use of a formal research design to test the hypotheses formulated. In this chapter the research problem, objectives of the study, hypotheses and data collection methods will be presented. This chapter also describes how the research questionnaires were designed and measured to ensure that the researcher obtained valid responses from the respondents.

Figure 5.1: The research process of the study



Source: Adapted from Cooper and Schindler (2006:55)

The research proposal was summarised in Chapter 1, where the research problem and questions were stated. As explained in Figure 5.1, Chapter 6 takes an in-depth look at the research design, data collection and sampling design. In this chapter the data analyses and interpretation are presented and finally, in Chapter 7, the research findings are presented.

## 5.2 THE RESEARCH PROBLEM

From the literature review (addressed in Chapters 2, 3 and 4) it is evident that to develop and nurture businesses' current and future competitive advantages, it is of cardinal importance to consistently deliver high service quality. Like many businesses, landlords as property managers, are also being subjected to increased competitive pressures of the changing business environment. In several areas there is a significant amount of written evidence regarding poor service delivery by the landlords, where small business tenants, in particular, feel they are being victimised and bullied (Barrios, 2007; Carswell, 2008; Cockram, 2002; Nieman, 2000). Landlords increasingly realised that their tenants should be treated as valued customers and that it is very important that they should meet their needs (Pinder *et al.*, 2003:218). The issue of service quality is therefore of particular interest to them.

There are numerous models in the literature available to measure service quality. It is important that the right model is chosen to measure the service quality that landlords render to small business tenants in shopping centres. An extensive search of leading electronic journal databases, including EBSCOHost, Emerald, ScienceDirect, SABINET and Wiley Interscience, suggest that no academic research has been done specifically on the level of satisfaction of small business tenants in shopping centres regarding the service quality they receive from landlords. The application of any of the models as a service quality measurement model has consequently not been done in a landlord–small business relationship in shopping centres.

This study therefore sought, to address the following research questions:

- Are small business tenants in shopping centres generally satisfied with the quality of service they receive from landlords?
- Are the combined SERVPERF and FAIRSERV service quality models, in its original form, suitable for measuring the perceived service quality that small business tenants in shopping centres receive from their landlords?
- Are there any significant differences regarding the perception of service quality provided by landlords to small business tenants depending on their position in the business?
- Are there any significant differences regarding the perception of service quality received between small business tenants who have been a tenant in the centre for a short time and those who have been a tenant for long?
- Are there any significant differences regarding the perceived service quality received between small business tenants who have been a tenant in other shopping centres before and those who have never been a tenant in other shopping centres before?
- Are there any significant differences regarding the perceived service quality received between small business tenants who had no or little business experience prior to leasing in the shopping centre and those who had business experience?
- Are there any significant differences regarding the perception of service quality received by small business tenants, between landlords of different types of shopping centres in Pretoria?

### **5.3 THE RESEARCH OBJECTIVES**

The primary and secondary objectives are presented here to illustrate and guide the direction of the research.



### **5.3.1 Primary objective**

The primary objective of the study is to measure the perceived service quality that small business tenants in shopping centres receive from landlords.

### **5.3.2 Secondary objectives**

The secondary objectives of the study are to:

- Determine whether the combined SERVPERF and FAIRSERV model of service quality, in its original form, will be suitable to measure the perceived service quality that small business tenants in shopping centres receive from landlords.
- Determine whether there are any significant differences regarding the perceived service quality provided by landlords to small business tenants depending on their position in the business.
- Determine whether there are any significant differences regarding the perception of service quality received between small business tenants who have been in the centre for a short time and those who have been in the centre for long.
- Determine whether there are any significant differences regarding the perceived service quality received between small business tenants who have been a tenant in other shopping centres before and those who have never been a tenant in other shopping centres before.
- Determine whether there are any significant differences regarding the perceived service quality received between small business tenants who had no or little business experience prior to leasing in the shopping centre and those who had business experience.

- Determine whether there are any significant differences regarding the perception of service quality received by small business tenants, between landlords of different types of shopping centres in Pretoria.

#### 5.4 HYPOTHESES

This study states hypotheses rather than propositions. The reason for this is that several business research authors state that a hypothesis is a testable proposition (Cooper & Schindler, 2006:43; Saunders *et al.*, 2009:495; Struwig & Stead, 2004:4). A proposition is a statement about observable phenomena that may be judged as true or false. When a proposition is formulated for empirical testing, it is called a hypothesis (Cooper & Schindler, 2006:43; Struwig & Stead, 2004:4). A hypothesis is therefore a statement regarding a population or populations that may or may not be true (Diamantopoulos & Schlegelmilch, 2006:130). It is also stated that a proposition is a statement concerned with the relationships between concepts; an assertion of a universal connection between events that have certain properties (Zikmund, 2003:43).

The hypotheses are therefore stated below and the hypothesis testing is presented in Chapter 6. This indicates that the hypotheses will be tested empirically. The null hypothesis is always used for testing. It is important to note that the null hypothesis ( $H_0$ ) indicates that there are no differences between groups or, no relationship between measured variables. The alternative hypothesis ( $H_a$ ) indicates that there is a difference or relationship between measured variables.

From the research objectives, the following hypotheses were formulated:

- **H1o (Null hypothesis):** Small business tenants in shopping centres are in general not satisfied with the service quality that they receive from landlords.
- **H1a (Alternative hypothesis):** Small business tenants in shopping centres are in general satisfied with the service quality that they receive from landlords.

- **H2o:** The combined SERVPERF and FAIRSERV models of service quality, in its original form, will not be reliable to measure the perceived service quality that small business tenants in shopping centres receive from their landlords.
- **H2a:** The combined SERVPERF and FAIRSERV models of service quality, in its original form, will be reliable to measure the perceived service quality that small business tenants in shopping centres receive from their landlords.
- **H3o:** There are significant differences regarding the perceived service quality that small business tenants have of the landlords' service to them, irrespective of what the position of the respondent in the business is.
- **H3a:** There are no significant differences regarding the perceived service quality that small business tenants have of the landlords' service to them, irrespective of what the position of the respondent in the business is.
- **H4o:** There are no significant differences regarding the perception of service quality received between small business tenants who have been a tenant in the centre for a short time and those who have been a tenant for long.
- **H4a:** There are significant differences regarding the perception of service quality received between small business tenants who have been a tenant in the centre for a short time and those who have been in the centre for long.
- **H5o:** There are no significant differences regarding the perceived service quality received between small business tenants who have been a tenant in other shopping centres before and those who have never been a tenant in other shopping centres before.
- **H5a:** There are significant differences regarding the perceived service quality received between small business tenants who have been a tenant in other shopping centres before and those who have never been a tenant in other shopping centres before.

- **H6o:** There are no significant differences regarding the perceived service quality received between small business tenants who had no or little business experience prior to leasing in the shopping centre and those who had business experience.
- **H6a:** There are significant differences regarding the perceived service quality received between small business tenants who had no or little business experience prior to leasing in the shopping centre and those who had business experience.
- **H7o:** There are no significant differences, regarding the perception of service quality of small business tenants between landlords of different types of shopping centres in Pretoria.
- **H7a:** There are significant differences regarding the perception of service quality of small business tenants between landlords of different types of shopping centres in Pretoria.

#### 5.4.1 Hypotheses testing

The purpose of hypothesis testing is to determine which of the null or alternative hypotheses is correct. The hypotheses testing procedure will be done in Chapter 6, where the null or alternative hypothesis will be accepted or rejected. The significance level is a critical probability in choosing between the null hypothesis and the alternative hypothesis (Cooper & Schindler, 2006:718; Zikmund, 2003:500). The level of significance determines the probability level that is to be considered too low to merit support of the null hypothesis. As no statement about a sample can be made with complete certainty, a chance that an error will be made always exists. These types of errors are referred to as Type I or Type II errors as depicted in Table 5.1 on the next page

Table 5.1 is presented on the next page.

**Table 5.1: Type I and Type II errors in hypotheses testing**

State of null hypothesis in the population	Decision	
	Accept Ho	Reject Ho
Ho is true	Correct – no error	Type I error
Ho is false	Type II error	Correct – no error

Source: Zikmund (2003:504)

Table 5.1 indicates that the null hypothesis can either be true or false and the statistical decision will be either to accept or to reject the hypothesis. When a Type I error ( $\alpha$ ) is committed, a true null hypothesis is rejected. This means it is stated that a statistically significant difference exists when in reality one does not exist. A Type II ( $\beta$ ) error is made if the alternative hypothesis is true but the researcher indicates that the Ho should not be rejected.

In business problems, Type I errors are in general more serious than Type II errors and there is a greater concern with determining the significance level alpha ( $\alpha$ ) than with determining  $\beta$ .

## 5.5 RESEARCH METHODOLOGY

The research methodology presented in this section focuses on the research design, the methods and procedures for the collection, and measurement and analysis of data used in the study. The next section will explain the research design used in this study.

### 5.5.1 Research design

The research design is a blueprint for fulfilling objectives and answering questions. It constitutes the blueprint for collection, measurement and analysis of data (Cooper &

Schindler, 2006:71). It will be the general plan of how to go about answering the research question (Saunders *et al.*, 2009:136).

This research study is designed as a formal study. The objective of a formal research design is to test the hypotheses or answer the research questions posed (Cooper & Schindler, 2006:140). This study consists of a literature review and an empirical study. The literature review aims to survey the background on service quality and small business tenants in shopping centres in terms of:

- the concept of service;
- the concept of service quality;
- models for measuring service quality;
- the definition of a small business and the unique challenges they are faced with;
- shopping centres as retail locations; and
- the relationship between a small business tenant and the landlord in shopping centres.

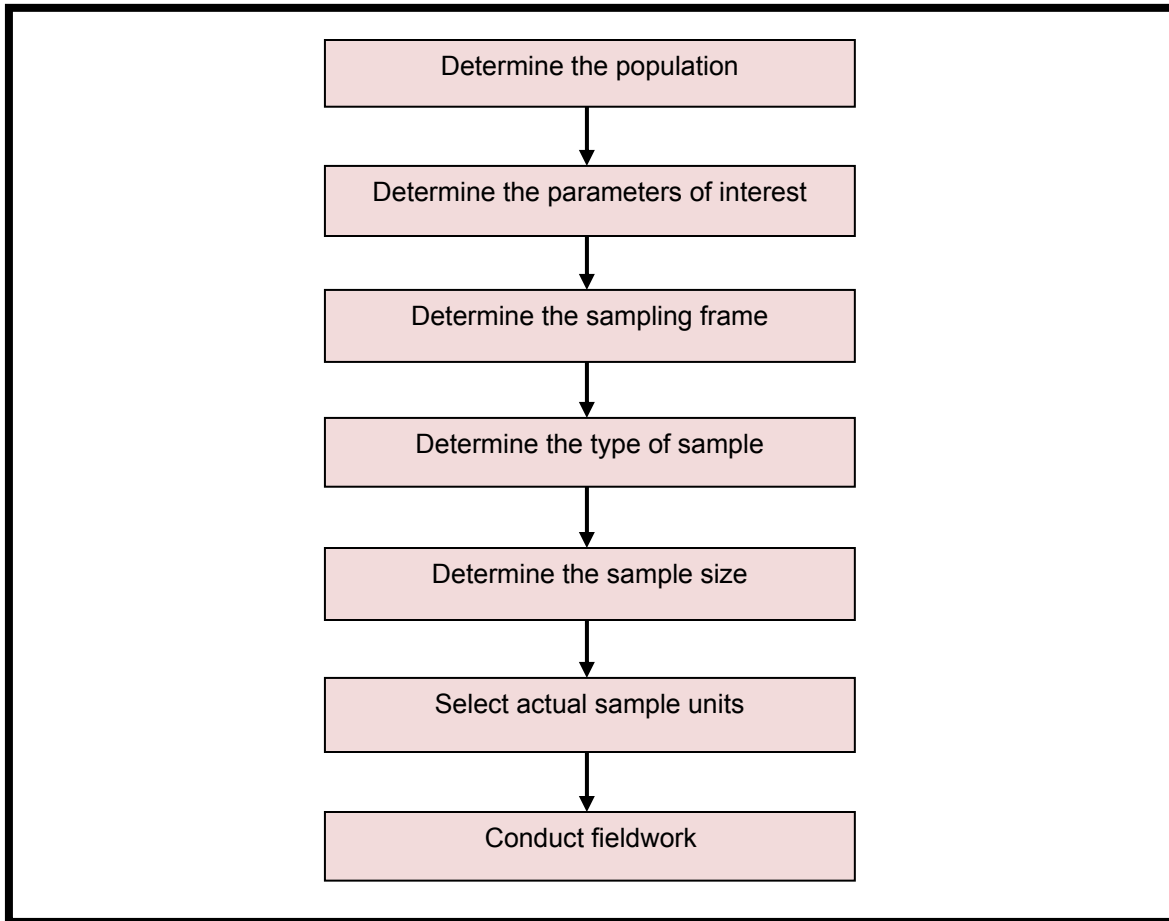
The literature review provides an insight and understanding into the research problem as well as the necessary background to guide the empirical part of the study.

The empirical part of the study focuses on the measurement of the perceived service quality that small business tenants in shopping centres receive from the landlord. The measurement is done by means of a questionnaire developed from dimensions of the SERVPERF (Cronin & Taylor, 1992) and FAIRSERV (Carr, 2007), service quality models.

### **5.5.2 Sampling design and data collection methods**

Sampling basically means any procedure where, by selecting some of the elements in a population, conclusions can be drawn about the entire population (Diamantopoulos & Schlegelmilch, 2006:10; Cooper & Schindler, 2006:402). Decisions on several stages in the selection of a sample should first be done before a conclusion can be made of the sample to use. These stages are summarised in Figure 5.2 on the next page.

Figure 5.2: Stages in the selection of a sample



Source: Cooper and Schindler (2008:183-203)

The full set of elements about which one wishes to make some inferences is called the **population** (Cooper & Schindler, 2006:402; Diamantopoulos & Schlegelmilch, 2006:10; Saunders *et al.*, 2009:212). In this study the population is all the small business tenants in shopping centres in Pretoria, South Africa. According to Cooper and Schindler (2006:409), **parameters of interest** are summary descriptors of variables of interest in the population. For this study the parameter of interest is the following:

- The selected respondents must be the owner, manager or full time employee of the small business in the shopping centres.

**Sampling frame** refers to a list of elements from which a sample may be drawn (Cooper & Schindler, 2006:411; Saunders *et al.*, 2009:214). A list of small business tenants in each

shopping centre, obtained from the shopping centres' web sites, is used as the sampling frame for this research study.

In choosing the **type of sample** to be used, a distinction needs to be made between a probability and non-probability sample. According to Cooper and Schindler (2006:414) and Leedy and Ormrod (2010:205), a probability sample is a sample that has been selected through random selection in such a way that each unit in the population has an equal chance of being selected. A non-probability sample is a sample that has not been selected by a random selection method. The researcher has no way of forecasting or guaranteeing that each unit in the population will be represented in the sample (Leedy & Ormrod, 2010:211).

A summary of the various sample designs is depicted in Table 5.2.

**Table 5.2: Types of sampling designs**

Element Selection	Representation bias	
	Probability	Non-probability
Unrestricted	<b>Simple random</b> Each population element has an equal chance of being selected into the sample.	<b>Convenience</b> The sampling procedure used to obtain those units or people most conveniently available.
Restricted	<b>Systematic</b> Select an element of the population at a beginning with a random start and following the sampling fraction selects every $k^{\text{th}}$ element.	<b>Purposive or Judgement</b> An experienced individual selects the sample based upon some appropriate characteristic of the sample members.
	<b>Cluster</b> Population is divided into internally homogeneous subgroups. Some are randomly selected for further study.	<b>Quota</b> The researcher classifies the population by pertinent properties, determines desired proportions of sample from each class, and fixes quotas for each interviewer.

Table 5.2 continues on the next page.



Table 5.2: Continued

Element Selection	Representation bias	
	Probability	Non-probability
Restricted	<p><b>Stratified</b> Divides population into subpopulations or strata and uses simple random on each stratum. Results may be weighted and combined.</p>	<p><b>Snowball</b> Initial respondents are selected by probability samples; additional respondents are obtained by referral from initial respondents.</p>
	<p><b>Double</b> Process includes collecting data from a sample using a previously defined technique. Based on the information found, a subsample is selected for further study.</p>	

Source: Cooper and Schindler (2008:184, 199)

This study makes use of a non-probability, judgement sampling because the shopping centres (population element) that were selected for this study did not have an equal chance of being included in the sample. An effort was made though to include different types of shopping centres, owned by different landlords from different parts of the city in the study. The small business tenants in a specific shopping centre were also selected by making use of non-probability sampling as each of the population elements (small business tenants) did not have an equal chance of being included in the sample. It can be regarded as judgement sampling because the respondents were selected on the basis of their direct involvement with the landlords or centre management. They should in other words have been able to judge the perceived service quality they receive from landlords based on their involvement and experience with them.

When sample size is considered, Saunders *et al.* (2009:217) indicate that the larger the sample size, the lower the likely error in generalising to the population. The sample of this study consisted of 457 respondents from small business tenants of 27 different shopping centres throughout Pretoria, South Africa. The shopping centres that were part of the study included seven neighbourhood centres, seven community centres, four small regional centres/large community centres, three regional centres, one super regional centre, three

lifestyle centres and two value/strip centres. These 27 shopping centres are owned by 19 different landlords.

### **5.5.2.1 Sample error**

An important consideration when selecting a sample is, the effect that excluded population elements are likely to have on the quality of the sample (Diamantopoulos & Schlegelmilch, 2006:12). Sampling in fact means that certain population elements will be excluded from the sample and this exclusion is known as sampling error. Sampling error is therefore the difference between a result based on a sample and that which would have been obtained if the entire population were studied (Diamantopoulos & Schlegelmilch, 2006:12).

### **5.5.2.2 Response rate**

Saunders *et al.* (2009:587) explain that a response rate is the total number of responses divided by the total number in the sample after ineligible and unreachable respondents have been excluded. Table 5.3 on the next page indicates that a total of 510 questionnaires were issued to small business tenants in 27 different shopping centres in Pretoria between the period of December 2011 and March 2012. A total of 457 questionnaires were received back from the respondents. This represents a response rate of 89,61 percent. The relatively high response rate may be due to the fact that all questionnaires were delivered and later collected by the researcher, with the help of two field workers. The researcher and the field workers often had to go back to the small business tenants several times in order to collect the completed questionnaires. This diligence from them certainly paid off, as the high response rate indicates. Another reason for the high response rate may also have been that small business tenants in shopping centres might have been eager to fill in the questionnaire because they wanted to air their view on the important matter of service quality.

In Table 5.3 the response rate per shopping centre is indicated, bringing the total response rate to 89,61 percent.

**Table 5.3: Response rate (Time frame: December 2011 – March 2012)**

Type of centre	Name of centre	Number of stores in centre	Number of questionnaires issued	Number of questionnaires received back	Response rate per centre (%)
<b>Neighbourhood Centres</b>	Doornpark Shopping Centre	24	14	14	100,00
	Madelief Shopping Centre	29	10	8	80,00
	Montana Corner	36	8	8	100,00
	Moreleta Plaza	50	13	8	61,54
	Silver Oaks Crossing	45	11	10	90,91
	Waverley Plaza	52	17	14	82,35
	Zambezi Junction	30	16	16	100,00
	<b>Sub Total</b>	<b>266</b>	<b>89</b>	<b>78</b>	<b>87,64</b>
<b>Community Centres</b>	Jakaranda Shopping Centre	54	11	7	63,64
	Glenfair Boulevard	45	10	8	80,00
	Glen Village North	41	24	24	100,00
	Glen Village South	41	16	16	100,00
	Mayville Shopping Centre	44	26	26	100,00
	Quagga Shopping Centre	56	8	7	87,50
	Waterglen Shopping Centre	45	15	15	100,00
	<b>Sub Total</b>	<b>326</b>	<b>110</b>	<b>103</b>	<b>93,64</b>
<b>Small Regional Centres</b>	Mall @ Reds	118	21	21	100,00
	Wonderboom Junction	79	9	4	44,44
	Wonderpark Shopping Centre	119	14	8	57,14
	Zambezi Mall	85	12	12	100,00
	<b>Sub Total</b>	<b>401</b>	<b>56</b>	<b>45</b>	<b>80,36</b>
<b>Regional Centres</b>	Brooklyn Mall	159	40	31	77,50
	Centurion Mall	217	47	47	100,00
	Kolonnade Shopping Centre	155	31	23	74,19
	<b>Sub Total</b>	<b>531</b>	<b>118</b>	<b>101</b>	<b>85,59</b>

Table 5.3 continues on the next page.

**Table 5.3: Continued**

Type of centre	Name of centre	Number of stores in centre	Number of questionnaires issued	Number of questionnaires received back	Response rate per centre (%)
<b>Super Regional Centre</b>	Menlyn Shopping Centre	300	86	86	100,00
	<b>Sub Total</b>	<b>300</b>	<b>86</b>	<b>86</b>	<b>100,00</b>
<b>Lifestyle Centres</b>	Brooklyn Design Square	35	12	8	66,66
	Lynnwood Bridge	29	14	11	78,57
	West End Life Style and Décor Centre	23	10	10	100,00
	<b>Sub Total</b>	<b>87</b>	<b>36</b>	<b>29</b>	<b>80,56</b>
<b>Strip Centres</b>	Montana Crossings	30	9	9	100,00
	Montana Value Centre	20	6	6	100,00
	<b>Sub Total</b>	<b>50</b>	<b>15</b>	<b>15</b>	<b>100,00</b>
	<b>TOTAL</b>	<b>1 961</b>	<b>510</b>	<b>457</b>	<b>89,61</b>

### 5.5.2.3 Data collection

Data can be collected in the form of primary or secondary data. Primary data refers to data that are collected with a specific purpose in mind, such as for the needs of a particular research project and, the researcher personally collects it (Diamantopoulos & Schlegelmilch, 2006:5; Saunders *et al.*, 2009:598; Struwig & Stead, 2004:40). Primary data can, amongst others, be collected by means of questionnaires, surveys, checklists, interviews, documentation review, observation, focus groups and case studies (Coldwell & Herbst, 2004:48-49). Secondary data, on the other hand, refers to data which has not been gathered expressly for the immediate study at hand but for some other purpose (Diamantopoulos & Schlegelmilch, 2006:5; Struwig & Stead, 2004:40), or as Cooper and Schindler (2006:77) put it: “secondary data have had at least one level of interpretation inserted between the event and its recording”. Diamantopoulos and Schlegelmilch (2006:5) identify several forms of secondary data, namely published statistics (by government departments, trade associations, chambers of commerce and research foundations), annual reports (published by business firms as well as non-profit organisations), abstracting and index services (covering thousands of periodicals, academic journals, books and newspapers), syndicated

services (providing regular detailed information on a particular country/industry/ product group) and database services (providing tailor-made mailing lists, allowing fast access to computerised information sources worldwide).

Data for the literature section of this research study was collected by means of a literature search using secondary data such as journals, textbooks, newspapers, databases and the Internet. This literature was presented in Chapters 2, 3 and 4.

The primary data for this study (measuring the service quality that small business tenants in shopping centres receive from their landlords) is collected by means of a self-administered questionnaire. The responses are anonymous and this confidentiality is respected within the study. This was considered to be the best option available in order to access data. The respondents were assured of their anonymity and that the data will be treated as confidential.

The questionnaires were distributed to and collected from small tenants in shopping centres by the researcher and two fieldworkers. Three of the respondents submitted the completed questionnaires via electronic mail or a facsimile. A covering letter and consent form (Annexure A) accompanied each questionnaire.

Saunders *et al.* (2009:362) state that questionnaires work best with standardised questions that can confidently be interpreted the same way by all respondents. Questionnaires can therefore be used for descriptive or explanatory research. Explanatory or analytical research will enable one to examine and explain relationships between variables.

### **5.5.3 Purpose of the study**

The purpose of the study is to investigate whether small businesses in shopping centres are satisfied with the service quality they receive from landlords and, to determine whether the service quality dimensions of SERVPERF and the fairness dimension of FAIRSERV will be

suitable to measure the service quality in a landlord-small business relationship in shopping centres.

This study will inform and provide information to landlords of shopping centres and shopping centre management, acting as agents of the landlords, of the value of measuring service quality received by their small business tenants that could assist in sustaining a competitive advantage. The study can also be valuable to prospective small business tenants where the results of this study could help them to decide on a shopping centre to lease from.

#### **5.5.4 Time dimension**

Cooper and Schindler (2006:141) explain that cross-sectional studies are carried out once and represent a snapshot of one point in time. Saunders *et al.* (2009:155) concur with this explanation and add that cross sectional studies often seek to describe the incidence of a phenomenon or to explain how factors are related in different organisations. Bryman and Bell (2007:55) add further that in a cross sectional design, relationships are examined between variables and that there is no time order to the variables. The data on the variables is collected more or less simultaneously and the researcher does not manipulate any of the variables. The time dimension of this study is cross-sectional. The respondents were measured only once.

#### **5.5.5 Topical scope**

The topical scope of a study refers to the depth and breadth of a study (Cooper & Schindler, 2006:139). If a research study is designed for breadth rather than depth, it will be a statistical research study and, if it is designed for depth it will be based on a case study. The topical scope of this study was based on a statistical study in which the researcher attempts to capture a population's characteristics by drawing inferences from a sample's characteristics. According to Cooper and Schindler (2006:142) and Saunders *et al.* (2009:218), generalisations about the findings of a statistical study are based on the representativeness of the sample and the validity of the design.

### **5.5.6 The research environment**

Cooper and Schindler (2006:142) state that research designs also differ as to whether they occur under actual environmental conditions (field conditions) or under staged or manipulated conditions (laboratory conditions).

This research study will be conducted in a field environment in shopping centres in Pretoria, South Africa.

### **5.5.7 Participants' perceptions**

The usefulness of a research design may be reduced when, participants in a disguised study perceive that research is being conducted and may behave differently as usual (Cooper & Schindler, 2006:142; Saunders *et al.*, 2009:156). With regard to this research study it may happen that the small business tenants would give an overly critical rating because they may think in doing so, management will pay more attention to service quality. On the other hand though, participants may give an overly positive rating because they may fear that the landlord may somehow know about their involvement with the study and could hold it against the small business tenant if they are too critical in their rating of the service. Cooper and Schindler (2006:143) therefore point out that participants' perceptions serve as a reminder to, firstly classify one's study by type, then to examine validation strengths and weaknesses and lastly, to be prepared to qualify results accordingly.

## **5.6 QUESTIONNAIRE DESIGN, VALIDITY AND MEASUREMENT**

The questionnaire for this study was designed after a thorough literature review of several service quality models. After thorough deliberation, the SERVPERF model was used to conduct the assessment for this research study. Certain elements of the FAIRSERV model were also considered. A detailed discussion on several service quality models was done in Chapter 3.

### 5.6.1 Measurement of the research instrument

According to Cooper and Schindler (2006:309) and Diamantopoulos and Schlegelmilch (2006:22), measurement in research consists of assigning numbers to empirical events, objects or properties or activities in compliance with a set of rules. Measurement rules ensure that the relations between the numbers assigned reflect the actual relations between the objects with respect to the characteristic concerned.

The process structure (response strategies) that was used in the questionnaire consisted of the following questions (Table 5.4 on the next page):

- Multiple-choice, single-response questions;
- 5-point Likert scale summated rating question; and
- Free-response questions (open-ended, unstructured questions).

Different measurement rules result therefore in different types of measurement scales (Diamantopoulos & Schlegelmilch, 2006:23). Different types of measurement scales can be distinguished according to the level of measurement that these scales provide. Four major types of measurement scales can be distinguished, namely nominal, ordinal, interval and ratio (Cooper & Schindler, 2006:311; Diamantopoulos & Schlegelmilch, 2006:24). These types of measurement scales are outlined in Table 5.4.

According to Diamantopoulos and Schlegelmilch (2006:24) and Leedy and Ormrod (2010:26), an ordinal scale establishes an ordered relationship between persons or objects being measured. In ordinal scaling, numbers are used to indicate whether a person, object and so forth, has more or less of a given characteristic than some other person or object. They also add that an interval scale possesses all the characteristics of an ordinal scale and is also characterised by equality of intervals between adjacent scale values. The last scale, the ration scale, also has all the features of an interval scale plus an absolute zero point (also known as true or natural zero). All these scales were incorporated in the research questionnaire.



**Table 5.4: Characteristics of response strategies used in the questionnaire**

<b>Characteristics</b>	<b>Multiple Choice</b>	<b>Checklist</b>	<b>Likert Scale</b>	<b>Free Response</b>
<b>Type of data generated (measurement scales)</b>	Nominal and ordinal	Nominal	Interval (pragmatic view) and ordinal (purist view)	Nominal
<b>Usual number of answer alternatives provided</b>	Three to ten	Ten or fewer	Three to seven	None
<b>Characteristics of data</b>	Classification and order	Classification	Classification, order and distance	Classification

Source: Cooper and Schindler (2006:312)

The questions on the questionnaire (question 10.1 – 10.37), where respondents have to select from a 5-point Likert scale from strongly disagree to strongly agree, were set up according to the combined SERVPERF and FAIRSERV service quality models. The questions were divided into the five dimensions of the SERVPERF model (reliability, responsiveness, assurance, tangibles and empathy) as well as a sixth dimension that was based on the FAIRSERV model. The questions that were based on the SERVPERF model were asked exactly in the same way than what was suggested by the model. A few more questions, that were considered to be applicable to the specific relationship between landlords and small business tenants in shopping centres, were added. These questions, as well as the FAIRSERV questions, were sorted randomly.

The rationale behind the questionnaire questions are set out in Table 5.5 on the next page.

**Table 5.5 Linking objectives with questions and proposed data analysis methods**

Research Objectives	Research Concept/ Construct	Variables	Question component	Question type/ Measures	Anticipated Statistical analysis
1. Measure service quality of landlords' service to small business tenants	Service quality	Reliability Responsive-ness Assurance Empathy Tangibles Fairness	Q 10.1; 10.5; 10.7; 10.14; 10.21 Q 10.10; 10.13; 10.18; 10.29 Q 10.2; 10.11; 10.16; 210.3; 10.28; 10.33; 10.34; 10.35, Q 10.3; 10.8; 10.19; 10.22; 10.27; 10.32; 10.36 Q 10.4; 10.9; 10.17; 10.20; 10.24; 10.25; 10.31 Q 10.6; 10.12; 10.15; 10.26; 10.30; 10.37.	Interval scales (5-point Likert)	Standard deviation/ cronbach's coefficient alpha
2. Investigate whether SERVPERF/FAIRSERV dimensions are pertinent to the landlord-small business relationship in shopping centres	Relevance of SERVPERF/ FAIRSERV dimensions	Reliability Responsive-ness Assurance Empathy Tangibles Fairness	Q 10	Interval scales  Nominal Ratio Open-ended	Factor analysis
3. Determine whether there are significant differences regarding the perceived service quality that small business tenants of different types of shopping centres receive from the landlords.	Measurement of perceived service quality	Type of shopping centre Reliability Responsive-ness Assurance Empathy Tangibles	Q 10;	Interval scales (5-point Likert)	ANOVA Mean performance scores/ correlation analysis/ Cronbach's coefficient alpha

Table 5.5 continues on the next page.

**Table 5.5: Continued**

Research Objectives	Research Concept/ Construct	Variables	Question component	Question type/ Measures	Anticipated Statistical analysis
4. Determine whether there are significant differences regarding the perceived service quality between small business tenants who have been in the centre for a short period of time and those who have been in the centre for a long period of time	Measurement of perceived service quality	Period of time in centre Reliability Responsiveness Assurance Empathy Tangibles	Q 5 Q 10	Ratio Interval scales (5-point Likert)	ANOVA Mean performance scores/ correlation analysis/ Cronbach's coefficient alpha
5. Determine whether there are significant differences regarding the perceived service quality between small business tenants who had no or little business experience prior to leasing in the shopping centre and those who had business experience.	Measurement of perceived service quality	Business experience Reliability Responsiveness Assurance Empathy Tangibles	Q 7 Q 10	Ratio Interval-scales (5-point Likert)	ANOVA Mean performance scores/ correlation analysis/ Cronbach's coefficient alpha
6. Determine whether there are significant differences regarding the perceived service quality between small business tenants who have been a tenant in other shopping centres before and those who have never been a tenant in a shopping centre.	Measurement of perceived service quality	Tenant in other centres Reliability Responsiveness Assurance Empathy Tangibles	Q 8 Q 10	Ratio Interval-scales (5-point Likert)	ANOVA Mean performance scores/ correlation analysis/ Cronbach's coefficient alpha

Table 5.5 continues on the next page.

**Table 5.5: Continued**

Research Objectives	Research Concept/ Construct	Variables	Question component	Question type/ Measures	Anticipated Statistical analysis
7. Determine whether there are any significant differences regarding the perceived service quality that small business tenants depending on their position in the business receive from the landlords.	Measurement of perceived service quality	Position in business Reliability Responsive-ness Assurance Empathy Tangibles	Q 1 Q 10	Ratio Interval- scalses (5- point Likert)	ANOVA Mean performance scores/ correlation analysis/ Cronbach's coefficient alpha



## 5.6.2 Characteristics of sound measurement

A measuring instrument is sound if it is valid and reliable (Cooper & Schindler, 2006:318; Diamantopoulos & Schlegelmilch, 2006:24; Saunders *et al.*, 2009:273). Validity refers to the extent in which an empirical measure adequately reflects the real meaning of the concept under consideration. It asks the question: “does it measure what it intends to measure?” Reliability refers to whether a particular technique, applied repeatedly to the same object, yields the same result each time.

### 5.6.2.1 Validity of the measurement instrument

Cooper and Schindler (2006:318) and Leedy and Ormrod (2010:92) state that validity refers to the ability of a research instrument to measure what it is supposed to measure. They propose three widely accepted classifications of validity that consist of three major forms, namely **content validity**, **criterion-related validity**, and **construct validity**. Table 5.6 on the next page gives a summary of the validity estimates.

Since one of the research objectives of this study is to determine whether the SERVPERF service quality instrument can be used to measure the perceived service quality that small business tenants in shopping centres receive from landlords, the research questionnaire were compiled using the SERVPERF instrument’s dimensions. The exact same questions as suggested by the SERVPERF instrument were asked in the questionnaire (Table 3.3 on page 77). As discussed in the literature review section of this study, it has been found that the SERVPERF instrument is a valid instrument for the measuring of perceptions of service quality in a number of other industries (Andaleeb & Conway, 2006; Carrilat *et al.*, 2007:473; Olorunniwo *et al.*, 2006).

It can therefore be said that the measurement instrument has construct validity since the SERVPERF instrument was empirically tested by several researchers before and found to be a valid instrument.

**Table 5.6: Summary of validity estimates**

Type	What is measured	Methods
Content	Degree to which the content of the items adequately represents the universe of all relevant items under study	Judgemental or panel evaluation with content validity ration
Criterion related	Degree to which the predictor is adequate in capturing the relevant aspects of the criterion	Correlation
• Concurrent	Description of the present; criterion data are available at the same time as predictor scores	Correlation
• Predictive	Prediction of the future; criterion data are measured after the passage of time	Correlation
Construct	Answer the question, "What accounts for the variance in the measure?"; attempts to identify the underlying construct(s) being measured and determine how well the test represents it (them)	Judgemental Correlation of proposed test with established one Convergent-discriminant techniques Factor analysis Multitrait-multimethod analysis

Source: Cooper and Schindler (2006:319)

### 5.6.2.2 Reliability of the measurement instrument

Reliability is concerned with whether the measure is reliable to the degree that it supplies consistent results (Diamantopoulos & Schlegelmilch, 2006:34; Leedy & Ormrod, 2010:93). According to Diamantopoulos and Schlegelmilch (2006:34), if a measure is not reliable then it cannot be valid, but if it is reliable it may or may not be valid. To put it differently, a measure that is valid is also reliable but the reverse is not necessarily true. Reliable instruments are robust, that work well at different times under different conditions. This distinction of time and condition is the basis for frequently used perspectives on reliability, namely stability, equivalence and internal consistency as seen in Table 5.7 on the next page.

**Table 5.7: Summary of reliability estimates**

Type	Coefficient	What is measured	Methods
Test-retest	Stability	Reliability of a test or instrument inferred from examinee scores. Same test is administered twice to same respondents.	Correlation
Parallel forms	Equivalence	Degree to which alternative forms of the same measure produce the same or similar results	Correlation
Split-half, KR20, Cronbach's Alpha	Internal consistency	Degree to which instrument items are homogeneous and reflect the same underlying construct(s).	Specialised correlational formulas

Source: Cooper and Schindler (2006:322)

The Cronbach alpha ( $\alpha$ ) is most frequently used by researcher to determine a measuring instrument's reliability. According to Bryman and Bell (2007:164), Cronbach alpha calculates the average of all possible split-half reliability coefficients. A computed alpha coefficient will vary between 1 (denoting perfect internal reliability) and 0 (denoting no internal reliability). The figure 0,80 is typically employed as a rule of thumb to denote an acceptable level of internal reliability, though many authors accept a slightly lower figure. Eiselen, Uys and Potgieter (2005:114) state that the closer the alpha value ( $\alpha$ ) is to 1 the better the internal consistency (reliability) of the scale.

To test the internal consistency of this study's questionnaire, the Cronbach alpha test was done and indicates an excellent alpha value. This means that the reliability of the measuring instrument is sound.

Cooper and Schindler (2001:218) state that reliability can be improved by:

- Minimising external sources of variation;
- Standardising conditions under which measurement occurs (During this study this was attempted by the researcher as the measurement was done during the same time before the busy time of Christmas and shortly thereafter);
- Broadening the sample of measurement questions used by adding similar questions to the data collection instrument.



Factor analysis was furthermore executed to confirm the validity and reliability of the measuring instrument (questionnaire) used in this study and is explained in the next section.

### 5.6.2.3 Factor analysis

The main application of factor analysis techniques is firstly, to reduce the number of variables and secondly, to detect structure in the relationship between variables. The variables have to be classified. Variables that highly correlate with each other, as identified from the correlation matrix, are grouped together under a single factor. Each distinct grouping of highly correlated original variables represents a separate factor (Diamantopoulos & Schlegelmilch, 2006:216; Eiselen, *et al.* (2005:104). The principal component analysis method is used to identify the factors. The number of unique factors and the significant variables associated with each are identified by this approach. Each factor that is identified, describes a separate dimension embedded within the large set of variables. In statistical terms, each factor explains a certain percentage of the total variation between the original variables. As many factors as there are original variables can be identified by the principal components process (Cooper & Schindler, 2006:592; Leedy & Ormrod, 2010:282). All these factors can however, not explain a significant percentage of total variation within the original set of variables.

The significance of a factor is determined by its **eigenvalue**, which is generated by principal component analysis for each factor. In order to decide how many significant factors can meaningfully be used to describe the underlying dimensionality of the original set of variables, each eigenvalue should exceed 1 (the Kaiser criterion). This criterion can however, sometimes retain too many factors and therefore a graphical method, the **scree test**, is used to narrow down the factors. With the scree test, the eigenvalues are plotted in a simple line plot. The point where the smooth decrease of eigenvalues appear to level off to the right of the plot, is to be the cut-off point for factors. This test can sometimes retain too few factors and, the criterion which makes the best sense is to be taken into consideration. A factor can be seen as a new “generic” variable used to represent a subset of the original variables which highly correlate with it. If expressed in mathematical terms, each factor is a

linear combination of the original variables,  $X_{11}$ ,  $X_{12}$ ,  $X_{13}$ , .....,  $X_{47}$ . The coefficients of the linear combination are a measure of the correlation between each variable and the given factor.

In general, further mathematical manipulation of the initial set of factors takes place. This process that is used to refine the associations between factors and variables is called **factor rotations**. To assist the process of interpreting factors, the principal components method also computes measures called factor loadings. A factor loading is a correlations measure ( -1 to 1 ) between a variable and a factor. A high factor loading (values close to 1) indicates a close association between a variable and a factor, while a low factor loading (values close to 0) indicates virtually no association between a variable and a factor. This makes it possible for a user to identify which variables are “explained” by, or relates to a given factor. By examining the nature of the variables that “load heavily” on a given factor, the factor can be labelled. Factor analysis is furthermore executed on variables to strengthen the reliability of the research questionnaire used in this study.

## 5.7 DATA PROCESSING AND ANALYSIS

Data processing generally begins with the editing and coding of data. According to Cooper and Schindler (2006:441), editing involves checking the data collection forms for omissions, errors, legibility and consistency in classification. The questionnaire of this study was scrutinised and the questions coded accordingly. The data were captured on an Excel spreadsheet by the Department of Statistics at the University of Pretoria. The captured data were scrutinised for possible mistakes and thereafter, it was processed by the Department of Statistics at the University of Pretoria. The BMDP statistical programme was used to compile the descriptive and inferential statistics. Data analysis usually involves reducing accumulated data to a manageable size, developing summaries, looking for patterns and applying statistical techniques. Scaled responses on questionnaires often require the analyst to derive

various functions as well as to explore relationships among variables (Cooper & Schindler, 2006:442).

### **5.7.1 Descriptive statistics**

In quantitative research, data analysis is normally used to refer to the process of breaking down collected data into constituent parts in order to obtain answers to research questions. Descriptive statistics is the method used to describe characteristics of a population or a sample. It therefore aims at describing data by investigating the distribution of scores for each variable and by determining whether the scores on different variables are related to each other (Terre Blanche & Durrheim, 2002:105).

### **5.7.2 Inferential statistics**

Inferential statistics is the method used to draw conclusions about the population itself. While the descriptive analysis allows the researcher to generalise from the sample to the population, inferential analysis allows the researcher to draw conclusions about the population on the basis of data obtained from samples (Terre Blanche & Durrheim, 2002:105). The following techniques, based on the distribution of the descriptive statistics obtained from this study, were used to perform the inferential analysis: frequency distribution, factor analysis, One-Way Analysis of Variance (ANOVA) and Post-Hoc test using least square means t-tests.

### **5.7.3 Statistical significance**

Earlier in this chapter, the hypotheses were stated and it will be tested as well as either accepted or rejected in Chapter 6. Since any sample will almost certainly vary somewhat from its population, it must be judged whether these differences are statistically significant or insignificant (Cooper & Schindler, 2006:492). A method of presenting the results of a statistical test, reports the extent to which the test statistic disagrees with the null hypothesis. This method has become very popular because analysts want to know what percentage of

the sampling distribution lies beyond the sample statistic on the curve and, most reports the results of statistical tests as probability values ( $p$  values). The  $p$  value is compared to the significance level ( $\alpha$ ) and on that basis the null hypothesis is either rejected or not rejected. If the  $p$  value is less than the significance level (0.05 or 0.001) then the null hypothesis is rejected. If  $p$  is greater than, or equal to the significance level, the null hypothesis is not rejected.

## 5.8 CONCLUSION

In this chapter, a description of the methodology applied in this study was provided. The chapter focuses on the research question posed: whether small business tenants in shopping centres are satisfied with the quality of service they receive from their landlords. The data collection was primarily based on personal responses and was conducted in the form of the research questionnaire. The data processing and analysis attempt to answer the research question through the research findings which are presented in the following chapter.

The explanation of the statistical techniques preceded the actual tests carried out and is presented in Chapter 6. These techniques included frequency distribution, factor analysis, One-Way Analysis of Variance (ANOVA) and Post hoc tests using least square means  $t$ -tests.

The next chapter explains and interprets the most significant results yielded by executing the above techniques.

## CHAPTER 6

### RESEARCH FINDINGS

#### 6.1 INTRODUCTION

The literature study revealed that, for any business to be competitive, it is essential that their service delivery is of a high quality. The importance of the small business sector for a country's economy was also emphasised and, it was revealed that landlords in shopping centres also have to ensure that their service to small business tenants is of a high quality. In Chapter 5, the research design and methodology that were used to collect and analyse the primary data needed in this study, were discussed. In this chapter, the findings obtained from the analysis of the data are presented and discussed.

The first section of this chapter reports on the business demographics of the respondents. The second section focuses on the personal demographics of the respondents. Thirdly, this chapter will focus on describing the respondents' satisfaction or dissatisfaction with the service they receive from their landlords in shopping centres. Fourthly, the results of the factor analysis are presented to illustrate the reliability and validity of the measuring instrument that was used in this study. The next section summarises the significant differences between certain aspects of the respondents and their perception of service quality and, the One-Way Analysis of Variance (ANOVA) is presented. The final section of this chapter focuses on providing general comments on open-ended questions from the respondents regarding the perceived service quality they have received from their landlords in shopping centres.

## 6.2 DESCRIPTIVE STATISTICS

Struwig and Stead (2004:158) state that descriptive statistics provide statistical summaries of data. The purpose of these statistics is to provide an overall, coherent and straightforward picture of a large amount of data. Saunders *et al.* (2009:591) simply state that descriptive statistics are a generic term for statistics that can be used to describe variables. The descriptive statistics of this study will be presented through frequencies and percentages by means of tables and graphs. The sample consisted of 510 small business tenants in shopping centres in Pretoria, South Africa and 457 questionnaires of the 510 submitted, were returned. This gives a response rate of 89,61 percent.

Descriptive statistics will be provided on the business demographics namely, position of the respondent in the business, type of business, total number of full-time employees, the total annual turnover of the business, the number of years the small business tenants have been in the particular shopping centre and the number of years the small business tenants are or were in the business (Table 6.1).

Descriptive statistics will also be provided on the personal demographics of the respondents, namely the number of other shopping centres the small business tenants have leased in before, the number of years of business experience prior to leasing in the centre and, the respondents' higher educational qualifications (Table 6.2).

Table 6.1 is presented on the next page.

**Table 6.1: Business demographics of the respondents**

VARIABLE	FREQUENCY (n)	%
<b>1. Position in the business</b>		
Owner	109	23,85
Manager	270	59,08
Owner and Manager	50	10,94
Other	28	6,13
<b>Total</b>	<b>457</b>	<b>100,00</b>
<b>2. Type of business</b>		
Retail goods	340	74,40
Personal service	84	18,38
Restaurants/coffee shops	32	7,00
No response	1	0,22
<b>Total</b>	<b>457</b>	<b>100,00</b>
<b>3. Total number of full-time employees</b>		
1 ≤ 4	291	63,68
5 ≤ 19	141	30,85
20 ≤ 50	20	4,38
No response	5	1,09
<b>Total</b>	<b>457</b>	<b>100,00</b>

Table 6.1 continues on the next page.

Table 6.1: Continued

VARIABLE	FREQUENCY (n)	%
<b>4. Total annual turnover</b>		
Less than R150 000	32	7,00
R150 001 – R500 000	76	16,63
R500 001 – R1 000 000	106	23,19
R1 000 001 – R2 000 000	73	15,97
R2 000 001 – R5 000 000	46	10,07
R5 000 001 – R10 000 000	23	5,03
R10 000 001 or more	18	3,94
No response	83	18,17
<b>Total</b>	<b>457</b>	<b>100,00</b>
<b>5. Number of years a tenant in the centre</b>		
Less than 2 years	41	8,97
2 – 6 years	235	51,42
7 – 11 years	87	19,04
12 – 16 years	64	14,00
More than 16 years	21	4,60
No response	9	1,97
<b>Total</b>	<b>457</b>	<b>100,00</b>

Table 6.1 continues on the next page.



Table 6.1: Continued

VARIABLE	FREQUENCY (n)	%
<b>6. The number of years having the business</b>		
Less than 2 years	26	5,69
2 – 6 years	212	46,39
7 – 11 years	93	20,35
12 – 16 years	65	14,22
17 – 21 years	19	4,16
More than 21 years	22	4,81
No response	20	4,38
<b>Total</b>	<b>457</b>	<b>100,00</b>
<b>7. Type of shopping centre</b>		
Neighbourhood	78	17,07
Community	101	22,10
Small regional	45	9,85
Regional	102	22,32
Super Regional	86	18,82
Lifestyle	29	6,35
Strip	16	3,50
<b>Total</b>	<b>457</b>	<b>100,00</b>

When analysing the positions of the respondents that were part of the study (Table 6.1), it is reassuring to see that 93,87 percent of them are either the owner, manager or both the owner and manager of the small businesses. This implies that these respondents are, to a certain extent, directly involved with the shopping centre's landlord and/or centre

management. The assumption can therefore be made that they are credible respondents in this research study. The remainder of the respondents (6,13 percent) is full time employees with a direct involvement with either the landlords or the centre management.

As seen in Table 6.1, the respondents included 341 retailers of goods (74,40 percent), 84 businesses that provided a personal service (18,38 percent) and 32 restaurants and coffee shops (7,00 percent).

**Figure 6.1: Total number of full-time employees**

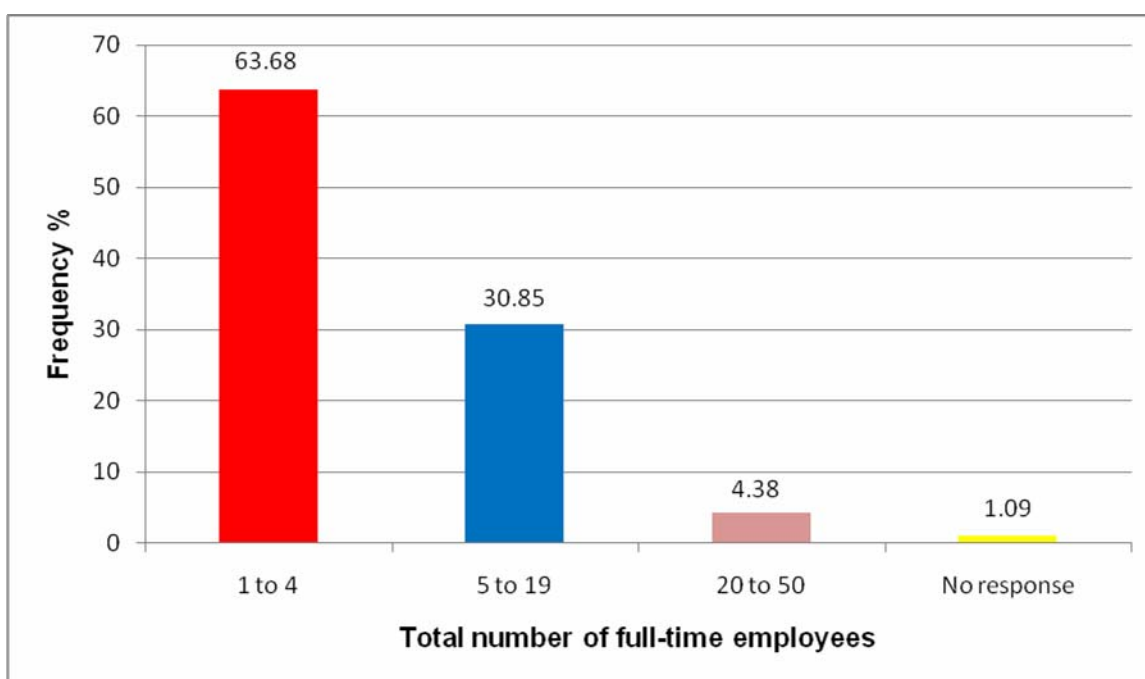
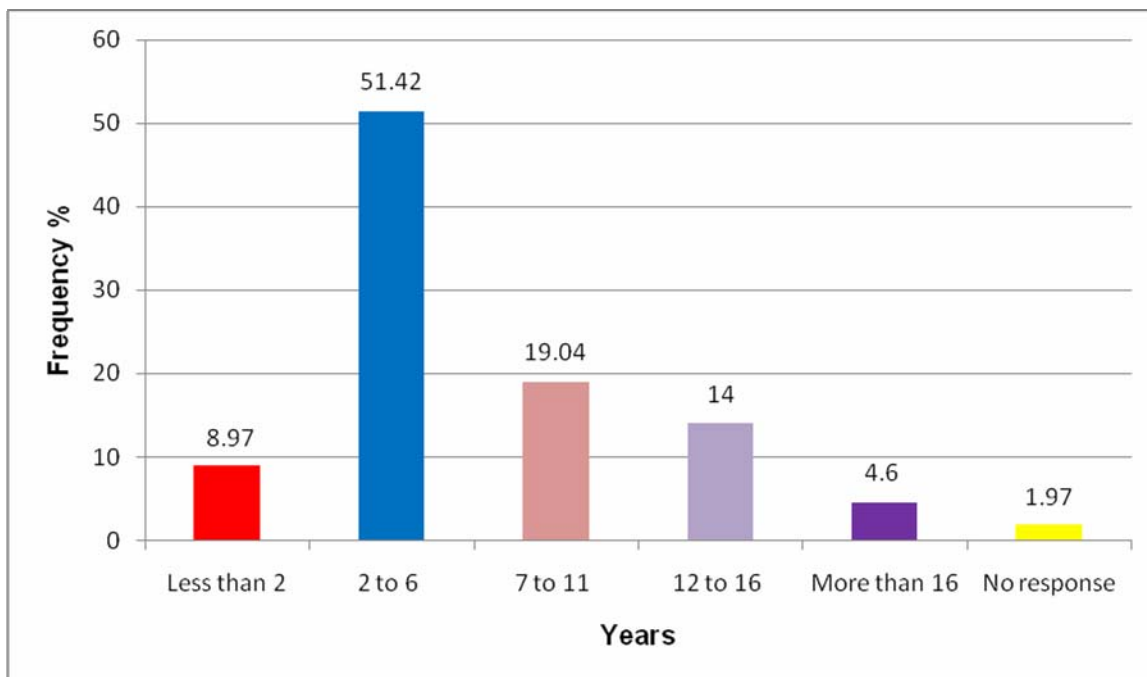


Table 6.1 and Figure 6.1 show that the largest proportion of the total sample (63,68 percent) have between one and four full time employees. According to the National Small Business Amendment Act, Act 26 of 2003's classification, this makes the majority of the sample that were part of this study, micro businesses (see Table 4.3 on page 136). Very small businesses (between five and 19 full time employees), accounted for 30,85 percent of this sample, and only 4,38 percent from the sample was small businesses.

Of the businesses that were part of the study, the annual turnover of the majority (46,82 percent) is R1 million or less, which is a typical small business venture in terms of the South African classification. Only 3,94 percent of the small businesses have an annual turnover of R10 million or more. Due to the sensitivity of the information, 18,17 percent did not disclose their annual turnover.

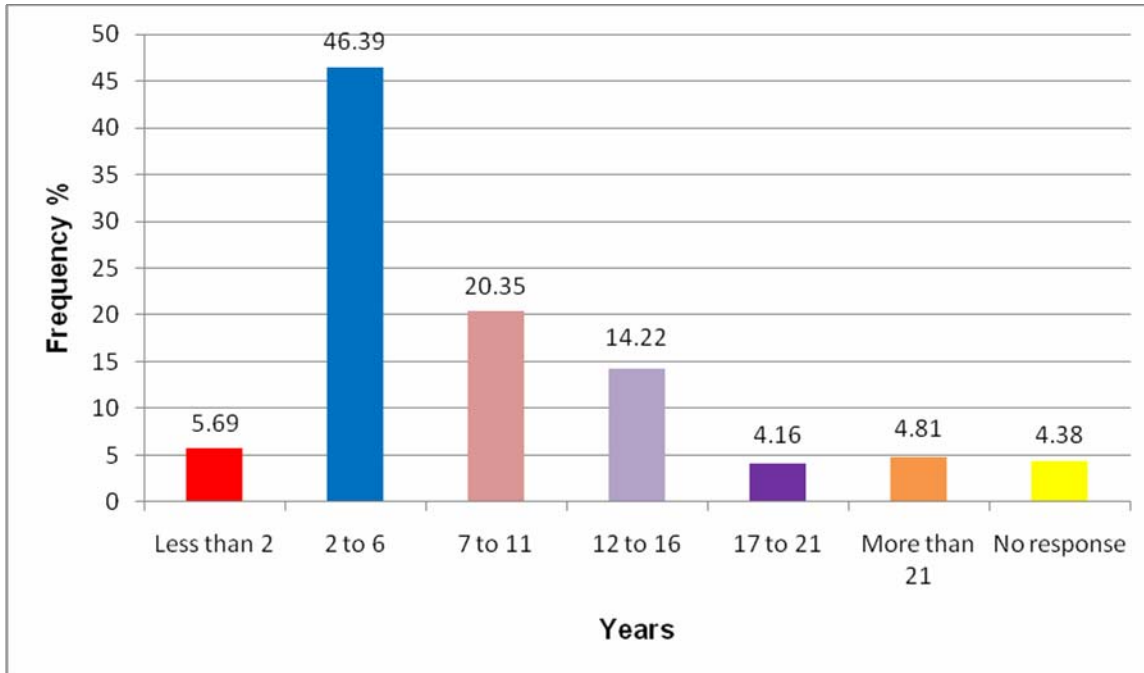
**Figure 6.2: Distribution of respondents' number of years in shopping centre**



The majority of the sample was tenants at the shopping centre for a period of between two and six years (51,42 percent). The high percentage of small business tenants that fall within this time frame may be due to the fact that tenants in shopping centres normally sign leasing contracts for this period of time. They are therefore bound by the leasing contract for this period of time. Only 4,60 percent of respondents are leasing in the particular shopping centre for more than 16 years. This can be an indication that small businesses in shopping centres do not remain tenants for extended periods of time.

Figure 6.3 is presented on the next page.

**Figure 6.3: Distribution of respondents' number of years having their business**



There is a direct correlation when the distribution of the number of years that the small business tenants have the business is compared with the number of years that they are tenants in the particular shopping centres. As seen in Table 6.1 and Figure 6.3, most of the respondents (46,39 percent) have their businesses between two years and six years. The number of respondents that have their businesses for more than 16 years (8,97 percent) is slightly higher than the number of years that the respondents are tenants at the centre (4,60 percent).

The 27 different shopping centres that were part of the study, were divided into different types of centres according to characteristics and requirements in relation to the South African context (discussed in Chapter 4). The majority of the respondents (22,32 percent)

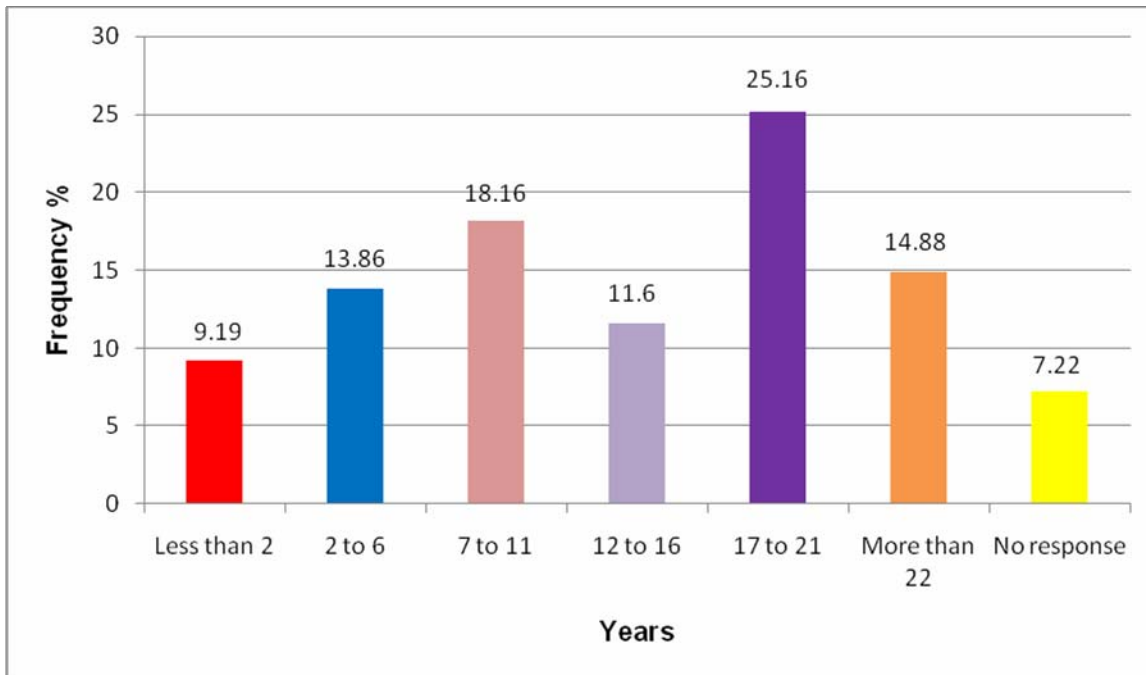
were small businesses in regional shopping centres. Only 3,50 percent of the respondents were small businesses in strip centres. This can be explained by the fact that strip centres normally have few small businesses as part of their tenant mix.

**Table 6.2: Personal demographics of respondents**

VARIABLE	FREQUENCY (n)	%
<b>1. Years of business experience prior to leasing in the centre</b>		
Less than 2 years	42	9,19
2 ≤ 6 years	63	13,79
7 ≤ 11 years	83	18,16
12 ≤ 16 years	53	11,60
17 ≤ 21 years	115	25,16
More than 22 years	68	14,88
No response	33	7,22
<b>Total</b>	<b>457</b>	<b>100,00</b>
<b>2. Number of shopping centres leased in before</b>		
Less than 2	286	62,58
2 ≤ 3	95	20,79
4 ≤ 5	12	2,63
More than 5	18	3,94
No response	46	10,06
<b>Total</b>	<b>457</b>	<b>100,00</b>
<b>3. Highest educational qualification</b>		
Standard 8 or less	7	1,53
Matric certificate	223	48,80
Diploma	166	36,32
B-Tech/Degree	35	7,66
Post graduate	24	5,25

VARIABLE	FREQUENCY (n)	%
No response	2	0,44
<b>Total</b>	<b>457</b>	<b>100,00</b>

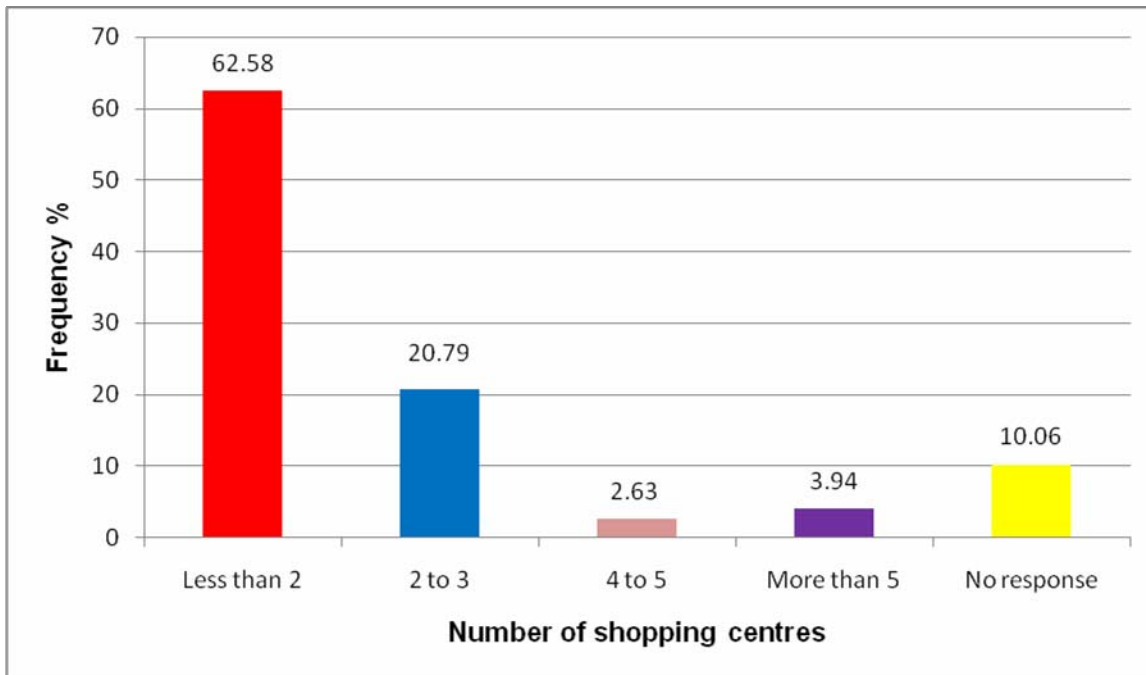
**Figure 6.4: Years of business experience prior to leasing in the centre**



The majority of respondents (25,16 percent) have 17 to 21 years of business experience prior to leasing in the particular shopping centre and 14,88 percent have more than 22 years of business experience. The respondents with more than 17 years of business experience are quite a large percentage (40,04) and this shows that a substantial number of small business tenants have ample business experience before leasing in the centre. If these figures are compared with those presented in Figure 6.2 and Figure 6.3, the assumption can be made that many of the small business tenants have quite a number of years of business experience, but that this experience was obtained outside a shopping centre location.

Figure 6.5 is presented on the next page.

**Figure 6.5: Number of shopping centres leased in before**



With regard to the number of shopping centres leased in before, the majority of the sample (62,58 percent) has been leasing in less than two shopping centres before. The assumption can therefore be made that a large percentage of small business tenants have little or no experience of what to expect from the quality of service that the landlord will render to them because they did not have much experience in this regard.

Referring to Table 6.2, almost half of the respondents' (48,80 percent) educational qualification is a matric certificate. The respondents with a National Diploma (36,32 percent)

and B Tech or Degree (7,66 percent) accounted for 43,98 percent of the respondents and only 5,25 percent of the respondents have a post graduate qualification. This brings the total of respondents with a post-matric qualification to a substantial 49,23 percent.

### 6.3 RESPONDENTS' PERCEIVED SERVICE QUALITY FROM LANDLORDS

The responses with regard to the perceived service quality that the respondents experienced of the services rendered by the landlords in shopping centres are presented in Table 6.3. On a 5-point Likert scale, the respondents had to choose whether they strongly disagree, disagree, are neutral, agree or strongly agree with a statement on service quality. The statements are arranged according to the five SERVPERF and one FAIRSERV dimension as suggested by these models. The frequencies as well as the percentage of the frequencies are given. In the last two columns, the mean and standard deviation is given.

**Table 6.3: Perceived service quality that small business tenants receive from landlords in shopping centres (N – 457)**

Variable	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Standard Deviation
	1		2		3		4		5			
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%		
<b>Reliability</b>												
V11 When promised to do something by a certain time, management will do so.	26	5,70	126	27,63	189	41,45	96	21,05	19	4,17	2,9059	0,9353
V15 A service is provided at the time management promises to do so	19	4,18	116	25,49	223	49,01	80	17,58	17	3,74	2,9124	0,8590



Variable	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Standard Deviation
	1		2		3		4		5			
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%		
V17 When experiencing a problem, management shows sincere interest in solving it.	35	7,66	116	25,38	200	43,76	86	18,82	20	4,38	2,8687	0,9529
V24 Management performs the service right the first time.	22	4,81	113	24,73	242	52,95	69	15,10	11	2,41	2,8555	0,8171
V31 Management insists on error-free leasing statements and other records.	18	4,06	102	23,02	217	48,98	83	18,74	23	5,19	2,9737	0,8806

Table 6.3 continues on the next page.

**Table 6.3: Continued**

Variable	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Standard Deviation
	1		2		3		4		5			
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%		
<b>Responsiveness</b>												
V20 You are informed when services will be performed.	9	1,97	83	18,16	192	42,01	138	30,20	35	7,66	3,2341	0,9031
V23 Management is never too busy to respond to your requests.	30	6,56	108	23,63	241	52,74	66	14,44	12	2,63	2,8293	0,8490
V28 You receive prompt service (eg. reaction to maintenance complaints).	28	6,15	101	22,20	235	51,65	74	16,26	17	3,74	2,8927	0,8757
V39 You are satisfied with the response time of security.	26	5,70	80	17,54	181	39,69	135	29,61	34	7,46	3,1553	0,9867
<b>Assurance</b>												
V12 Behaviour of management Instils confidence in you	19	4,18	112	24,62	227	49,89	77	16,92	20	4,40	2,9277	0,8668

Variable	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Standard Deviation
	1		2		3		4		5			
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%		
V21 You feel safe in your transactions with management.	17	3,72	93	20,35	209	45,73	114	24,95	24	5,25	3,0765	0,8987
V26 Management is consistently courteous with you.	15	3,30	48	10,55	251	55,16	114	25,05	27	5,93	3,1969	0,8275
V33 Management has the knowledge to answer your questions.	17	3,73	62	13,60	258	56,58	101	22,15	18	3,95	3,0897	0,8101
V38 You are satisfied with the visibility of security in the centre.	24	5,25	83	18,16	154	33,70	151	33,04	45	9,85	3,2407	1,0297
V43 You are satisfied with the marketing of the centre.	63	13,79	135	29,54	125	27,35	119	26,04	15	3,28	2,7549	1,0867
V44 You are satisfied with the number of daily visitors to the centre.	44	9,63	74	16,19	162	35,45	160	35,01	17	3,72	3,0700	1,0214
V45 The marketing fund of the centre is managed effectively.	63	13,82	149	32,68	147	32,24	89	19,52	8	1,75	2,6280	1,0030

Table 6.3 continues on the next page.

Table 6.3: Continued

Variable	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Standard Deviation
	1		2		3		4		5			
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%		
V13 Management gives you individual attention and is interested in your opinion.	36	7,88	132	28,88	207	45,30	74	16,19	8	1,75	2,7505	0,8805
<b>Empathy</b>												
V18 Management shows interest in communicating with you.	29	6,36	99	21,71	221	48,46	82	17,98	25	5,48	2,9452	0,9314

Variable	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Standard Deviation
	1		2		3		4		5			
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%		
V29 Management understands your specific needs.	21	4,61	94	20,61	254	55,70	78	17,11	9	1,97	2,9124	0,7954
V32 Management is always willing to help.	17	3,74	72	15,82	259	56,92	88	19,34	19	4,18	3,0437	0,8153
V37 Shopping hours are realistic.	30	6,58	67	14,69	114	25,00	225	49,34	20	4,39	3,2997	0,9955
V42 Shopping hours are convenient.	16	3,50	55	12,04	111	24,29	249	54,49	26	5,69	3,4682	0,9029
<b>Tangibles</b>												
V14 Centre and facilities are neat and clean.	12	2,63	78	17,11	127	27,85	198	43,42	41	8,99	3,3916	0,9584
V19 The décor and facilities of the centre are visually appealing.	13	2,86	53	11,65	121	26,59	232	50,99	36	7,91	3,4945	0,9010
V27 You are satisfied with the air conditioning.	76	16,89	118	26,22	174	38,67	70	15,56	12	2,67	2,6017	1,0190
V30 There is sufficient parking at the centre.	19	4,18	42	9,23	97	21,32	249	54,73	48	10,55	3,5820	0,9426
V34 Routine maintenance and repairs are done regularly.	24	5,25	108	23,63	209	45,73	104	22,76	12	2,63	2,9387	0,8814
V35 Website of the centre is visually appealing.	24	5,61	46	10,75	235	54,91	104	24,30	19	4,44	3,0984	0,8436
V41 Brochures/pamphlets of the centre are visually appealing.	32	7,13	97	21,60	175	38,98	127	28,29	18	4,01	3,0043	0,9710

Table 6.3 continues on the next page.

Table 6.3: Continued

Variable	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
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	1		2		3		4		5			
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%		
<b>Fairness</b>												
V25 You have the opportunity to fair negotiations with regard to the leasing contract.	47	10,42	120	26,61	208	46,12	67	14,86	9	2,00	2,7177	0,9063
V22 Terms and conditions of lease are equally fair for small tenants and bigger tenants.	119	26,50	131	29,18	137	30,51	53	11,80	9	2,00	2,3326	1,0465
V16 In general, small tenants are treated the same as bigger tenants.	154	33,77	136	29,82	101	22,15	52	11,40	13	2,85	2,1969	1,1104
V36 Your rental fee is realistic in comparison with that of bigger tenants.	95	20,97	166	36,64	138	30,46	47	10,38	7	1,55	2,3479	0,9707
V40 You perceive the promotions done at the centre to equally include the small tenants and the bigger tenants.	60	13,16	151	33,11	135	29,61	94	20,61	16	3,51	2,6827	1,0502
V46 You get value for your leasing fee.	28	6,17	71	15,64	214	47,14	132	29,07	9	1,98	2,9559	1,1391

The statement that rated the highest on mean score in Table 6.3 is “There is sufficient parking at the centre” with a mean score of 3,5820 and standard deviation of 0,9426. The statement that rated the second highest on mean score also relates to the tangibles aspect of service quality, namely “the décor and facilities of the centre are visually appealing” (mean score of 3,4945 and standard deviation of 1,1104). Fifteen statements had a mean score of between 3 and 4 as indicated in Table 6.3.

The statement that rated the lowest on mean score (2,1969 and standard deviation of 1,1104) is “In general, small tenants are treated the same as bigger tenants”. The second and third lowest statements also refer to the fairness aspect of service quality, namely “terms and conditions of lease are equally fair for small tenants and bigger tenants” (mean score of 2,3326 and standard deviation of 1,0465) and “your rental fee is realistic in comparison with that of bigger tenants” (mean score of 2,3479 and standard deviation of 0,9707). This

confirms what was found in the literature regarding small business tenants that feel that they are being bullied and treated unfairly in comparison with big anchor tenants (Barrios, 2007; Carswell, 2008; Cockram, 2002:43; Nieman, 2000:12; Roberts *et al.*, 2010:599). A total of 21 statements had a mean score of between 2 and 3 as indicated in Table 6.3.

To confirm the validity and reliability of the measuring instrument, factor analysis was executed and is discussed next.

#### **6.4 VALIDITY AND RELIABILITY OF THE MEASURING INSTRUMENT**

As mentioned in Chapter 5, factor analysis looks for patterns among the variables to discover whether an underlying combination of the original variables (a factor) can summarise the original set. Factor analysis attempts to reduce the number of variables and discover the underlying constructs that explain the variance (Cooper & Schindler, 2006:590; Diamantopoulos & Schlegelmilch, 2006:216).

Factor analysis was done on variables from the questionnaire used in this study. The variables were sorted and rotated to obtain a clear pattern of loadings. These are factors clearly marked by high loadings for some variables, and low loadings for others. This rotation is aimed at maximising the variances of normalised factor loadings across the variables for each factor.

The BMDP statistical programme was used to run the factor analysis on the variables. The programme was run for four, three and two factors respectively. From the onset, variable 46 (the parking fees are realistic) were excluded due to the many respondents that did not respond to that statement. The reason for the low response to this variable is because many tenants do not pay an hourly parking fee at their shopping centres or they are on monthly rented contracts in respect of parking. The two factor model produced the most acceptable

results and was run a second time after eliminating a further 11 variables due to low loadings (Table 6.4).

**Table 6.4: List of variables that were eliminated for two-factor analysis**

NO	STATEMENT
24	Management performs the service right the first time
27	You are satisfied with the air conditioning
30	There is sufficient parking at the centre
34	Routine maintenance and repairs are done regularly
35	Website of the centre is visually appealing
37	Shopping hours are realistic
38	You are satisfied with the visibility of security in the centre
39	You are satisfied with the response time of security
40	You perceive the promotions done at the centre to equally include the small tenants and the bigger tenants
42	Shopping hours are convenient
47	You get value for your leasing fee

**It is important to note that only three of these variables that were eliminated, are from the SERVPERF service quality model.** Variable 24 (management performs the service right the first time) is from SERVPERF’s “reliability” dimension, variable 42 (shopping hours are convenient) is from SERVPERF’s “empathy” dimension and variable 35 (website of the centre is visually appealing) is from SERVPERF’s “tangibles” dimension. Variable 40 (you perceive the promotions done at the centre to equally include the small tenants and the bigger tenants) and variable 47 (you get value for your leasing fee) were added as part of the FAIRSERV model. The rest of the variables that were eliminated are those that were added by the researcher to SERVPERF’s original scale.

The final interpretation of the results of the factor analysis is presented in Table 6.5 below. The values are presented from the highest to the lowest, as shown in Table 6.5

**Table 6.5: Rotated factor analysis of respondents' perceived service quality from landlords in shopping centres**

Variable no.	Description of Variable	Loadings	
		FACTOR 1	FACTOR 2
V32	Management is always willing to help	0,815	0,010
V17	When experiencing a problem, management shows sincere interest in solving it	0,798	-0,003
V18	Management shows interest in communicating with you	0,786	0,021
V21	You feel safe in your transactions with management	0,773	-0,073
V13	Management gives you individual attention and is interested in your opinion	0,754	-0,024
V29	Management understands your specific needs	0,751	0,067
V12	Behaviour of management instils confidence in you	0,748	0,046
V23	Management is never too busy to respond to your requests	0,739	0,061
V15	A service is provided at the time management promises to do so	0,731	0,062
V16	In general, small tenants are treated the same as bigger tenants	0,727	-0,095
V11	When promised to do something by a certain time, management will do so	0,717	0,081
V24	Management performs the service right the first time	0,686	0,077
V22	Terms and conditions of lease are equally fair for small tenants and bigger tenants	0,678	-0,106
V25	You have the opportunity to fair negotiations with regard to the leasing contract	0,669	-0,021
V33	Management has the knowledge to answer your questions	0,665	0,070
V26	Management is consistently courteous with you	0,660	0,028
V36	Your rental fee is realistic in comparison with that of bigger tenants	0,640	-0,086

Table 6.5 continues on the next page.

**Table 6.5: Continued**

Variable no.	Description of Variable	Loadings	
		FACTOR 1	FACTOR 2
V20	You are informed when services will be performed	0,620	0,060

Variable no.	Description of Variable	Loadings	
		FACTOR 1	FACTOR 2
V28	You receive prompt service (eg. reaction to maintenance complaints)	0,577	0,135
V31	Management insists on error-free leasing statements and other records	0,548	0-,004
V43	You are satisfied with the marketing of the centre	0,029	0,891
V45	The marketing fund of the centre is applied and managed effectively	0,018	0,811
V41	Brochures/pamphlets of the centre are visually appealing	0,123	0,688
V44	You are satisfied with the number of daily visitors to the centre	-0,071	0,633
V19	The décor and facilities of the centre are visually appealing	0,042	0,521

According to Cooper and Schindler (2006:591) eigenvalues is the sum of the variances of the factor values. When divided by the number of variables, an eigenvalue yields an estimate of the amount of total variance explained by the factor.

The eigenvalues, that determine the number of factors when factor loading is done, are:

- Factor 1: 11,6116; and
- Factor 2: 2,35115.

The eigenvalue has to be greater or equal to one in order to be included as a factor when loading is done on variables.

The percent of variance explained for the two factors are:



Factor 1: 44,4 percent; and

Factor 2: 7,64 percent.

**Table 6.6: Labels given to the two factors**

<b>Factor 1:</b>	<b>Intangibles</b>
<b>Factor 2:</b>	<b>Marketing and tangibles</b>

**Factor 1** includes four of the items of the original reliability dimension as suggested by the SERVPERF service quality model. It also includes three items of the responsiveness dimension (SERVPERF), four items of the assurance dimension (SERVPERF), four items of the empathy dimension (SERVPERF), as well as four items of the fairness dimension as suggested by the FAIRSERV service quality model. “Intangibles” seems an appropriate title as all the items relates to the “softer” and “caring” (intangible) aspects of the service offering from the landlords to the small business tenants in shopping centres. It is also important to note that none of the original “tangibles” aspect of the SERVPERF model is included here. Another meaningful finding is that four out of the six items that were added by the researcher as part of the fairness dimension of SERVPERF, have high factor loadings. This confirms the relevance of the fairness aspect when perceived quality of landlords to small business tenants is measured, although it is not identified as a separate factor. The relative high eigenvalue (11,1020) relative to factor 2 (1,9113) indicates the importance of this factor for small business tenants when it comes to the perceived service quality that they receive from their landlords.

**Factor 2** includes two of the items of the tangibles dimension as suggested by SERVPERF. The other three items relate to marketing and were added by the researcher. All the items of this factor include items clearly related to marketing and other tangibles.

Although the majority of the individual items from the SERVPERF scale were retained as part of the two factors, it is clear that only two distinct dimensions are relevant in measuring the service quality that small business tenants in shopping centres receive from their landlords. Most of the FAIRSERV elements that were added to the measuring instrument were retained after the factor analysis, but it was not identified as a separate dimension of perceived service quality.

**It seems that small business tenants in shopping centres are concerned mainly about two aspects namely, how they are treated by their landlords and how the tangibles and marketing of the shopping centre are handled by their landlords.** The two most important aspects about the landlord-small business tenant relationship therefore is that small tenants want to be treated with respect and courtesy by their landlords and they want their landlords to secure a steady flow of daily visitors to the shopping centre as well as to their stores. It was therefore found that the combined SERVPERF and FAIRSERV model is not suitable for measuring the perceived service quality that small business tenants in shopping centres receive from their landlords. The implication of this is that other service quality measurement tools need to be explored in order to find a suitable tool for this relationship. Further research could also be done to explore the unique service quality dimensions that small business tenants in shopping centres deemed important from which a new model can be suggested.

With regard to the stated hypothesis the following can be deduced:

**Hypothesis H2o is accepted:** The combined SERVPERF and FAIRSERV model of service quality, in its original form, will not be suitable to measure the perceived service quality that small business tenants in shopping centres receive from their landlords.

To confirm the reliability and accuracy of the measuring instrument, the Cronbach alpha coefficients were computed because the purpose of the analysis was to establish internal consistency, in other words, the extent to which the administered questionnaire scales measured the variables in a consistent manner. Struwig and Stead (2004:133) point out that Cronbach coefficient alpha is appropriate when individuals respond to items on multiple levels. According to them, it is particularly useful for measures that have Likert-type scales where responses range for example from “strongly agree” to “strongly disagree”. Table 6.7 summarises these values. As can be seen from this table, the derived two factors delivered excellent Cronbach alpha results. There is some debate in the literature on what constitutes an acceptable alpha score. Nunally (1978) recommended that 0,500 is an acceptable threshold for an acceptable alpha score and this is also the threshold adopted for this research study.

**Table 6.7: Cronbach alpha results**

Factor	Description	Cronbach alpha value
Factor 1	Intangibles	0,9491
Factor 2	Marketing and tangibles	0,9535

**Table 6.8 Correlation between two factors**

Factor	Factor 1	Factor 2
Factor 1	1,000	
Factor 2	0,477	1,000

Table 6.8 indicates a positive correlation between the two factors, intangibles and marketing and tangibles.

## 6.5 PERCEIVED SERVICE QUALITY ACCORDING TO THE TWO FACTORS

The respondents' perceived service quality of the landlords' service provided to them will now be analysed according to the two identified factors (also refer to Table 6.3).

Statements that the respondents had to rate from 1 (strongly disagree) to 5 (strongly agree) regarding the **intangible** dimension are the following:

- When promised to do something by a certain time, management will do so;
- Behaviour of management instils confidence in you;
- Management gives you individual attention and is interested in your opinion;
- A service is provided at the time management promises to do so;
- In general, small tenants are treated the same as bigger tenants;
- When experiencing a problem, management shows sincere interest in solving it;
- Management shows interest in communicating with you;
- You are informed when services will be performed;
- You feel safe in your transactions with management;
- Terms and conditions of lease are equally fair for small tenants and bigger tenants;
- Management is never too busy to respond to your requests;
- Management performs the service right the first time;
- You have the opportunity for fair negotiations with regard to the leasing contract;
- Management is consistently courteous to you;
- You receive prompt service (eg. reaction to maintenance complaints);
- Management understands your specific needs;
- Management insists on error-free leasing statement and other records;
- Management is always willing to help;
- Management has the knowledge to answer your questions; and
- Your rental fee is realistic in comparison with that of bigger tenants;

The mean score for evaluating the intangible aspect of service quality that small business tenants in shopping centres receive from landlords, is 2,8812 (Table 6.9 on the next page). Since a 5-point Likert scale was used, this score clearly indicates that respondents were

dissatisfied with this aspect of the service that they received. This indicates that the small business tenants in shopping centres are in general not satisfied with the “softer” intangible aspects of the service quality that they receive from their landlords. Numerous of the comments that respondents made on the open-ended questions in the questionnaire, confirm the fact that small business tenants in shopping centres are concerned about this “caring” aspect of the landlords’ service provided to them (refer to section 6.7 on page 207 and Appendix C).

Statements that the respondents had to rate from 1 (strongly disagree) to 5 (strongly agree) regarding the **marketing and tangible** dimension are the following:

- The décor and facilities of the centre are visually appealing;
- Brochures/pamphlets of the centre are visually appealing;
- You are satisfied with the marketing of the centre;
- You are satisfied with the number of daily visitors to the centre; and
- The marketing fund of the centre is managed effectively.

With respect to the marketing and tangibles factor, the mean score is 2,9903 (Table 6.9). Although this indicates that respondents were slightly more satisfied with this aspect of service quality from the landlord, the mean score is still below three and therefore indicates that small business tenants are also dissatisfied with this aspect of the service to them.

**Table 6.9: The mean scores on perceived service quality**

VARIABLE	N	MEAN	STANDARD DEVIATION
Factor 1: Intangibles	457	2,8812	2,8812
Factor 2: Marketing and tangibles	457	2,9903	2,9904

From table 6.9 it is clear that the mean scores for both factors on the 5-point Likert scale are less than three. This is an indication that the respondents are in general dissatisfied with the overall perceived service quality that they receive from the landlords. The small business

tenants are more dissatisfied with the intangibles aspect of service quality than the marketing and tangibles aspect. This is once again an indication of the importance of the “softer”, caring aspect of service quality to the small business tenants in shopping centres.

In terms of the stated hypothesis the following can be deduced:

**Hypothesis H1o is accepted:** Small business tenants in shopping centres are in general not satisfied with the service quality they receive from landlords.

## 6.6 ONE-WAY ANALYSIS OF VARIANCE (ANOVA)

In order to establish whether relationships exist between the factors and the independent variables, a one-way analysis of variance (ANOVA) was conducted. ANOVA is a versatile statistic which tests for the significant relationship between two or more groups of means and also breaks down the variability of a set of data into its component sources of variation (Cooper & Schindler, 2006:517; Wimmer & Dominic, 1983:215). Some of this study’s hypotheses are built on the significant differences between variables and factors. ANOVA is therefore used to prove or disprove some of these hypotheses. The ANOVA tables presented in Tables 6.10 to 6.17 that follow are based on the data obtained from the 457 completed questionnaires. To comply with the assumptions for ANOVA namely, the requirement of equal variances and normality of the residuals, the data was transformed using a normal transformation.

Table 6.10 is presented on the next page.

**Table 6.10: ANOVA: Intangibles**

SOURCE	F-VALUE	ρ-Value
V2 Respondents’ position in business	1,24	0,2951

V9 Number of centres leased from before	5,93	0,0006***
V6 Period as tenant in the centre	1,11	0,3462
V8 Business experience prior to leasing	2,56	0,0272***
v64 Types of shopping centres	8,49	< 0,0001***

The  $p$ -value of  $< 0,05$  indicates that the intangible determinants (factor 1) is significantly influenced by the number of other shopping centres the small business tenant leased from and also by the amount of business experience that the small business tenants had prior to leasing in the particular centre ( $p < 0,05$ ). The type of shopping centre also significantly influences the intangible determinants ( $p < 0,05$ ).

The intangible determinants are however, not significantly influenced by the respondents' position in the business or by the period of time that the small business tenants are at a particular shopping centre.

These findings show that it made no difference whether the respondents were the owners, managers, owners and managers or any other full-time employees of the business when it came to their perception of the intangible aspect of service quality received from the landlords. The respondents' perceptions of the intangibles aspects of service quality were also not influenced by how long they have been tenants in the shopping centre.

In terms of hypotheses H3o and H4o the following can be deduced:

**Hypothesis H3o is accepted.** There are no statistical significant differences regarding the perceived service quality that small business tenants receive from landlords, with regards to the position of the respondent in the business in regarding the service quality construct: intangibles.

**Hypothesis H4o is accepted.** With respect to the service quality construct intangibles, there are no statistical significant differences regarding the perception of service quality between

small business tenants who have been a tenant in the centre for a short time and those who have been a tenant for long.

To further investigate the ANOVA results, Post-Hoc tests were done using least square means t-tests.

**Table 6.11: Mean scores of the number of other shopping centres tenants leased from in terms of the intangibles**

Level of V9 (Number of other centres leased in before)	N	Mean	Standard Deviation
0	123	2,830 a b	0,639
1	154	2,742 a	0,517
2	60	3,103 c	0,751
3-5	52	2,945 b c	0,611
Means with different alphabetic indicators (a, b, c) differ significantly on the 5 % level			

A significant statistical difference exists between the small business tenants that have not leased in other shopping centres before and those that have been leasing in two other centres before.

The respondents' perceptions of the intangibles aspect of perceived service quality were therefore significantly influenced by their previous tenancies in other shopping centres. This may be because of good or bad experiences that the small business tenants might have in other shopping centres. These experiences may create expectations and may have an influence on their current perception of the service quality they receive from the landlords.

In terms of hypothesis H5 the following can be deduced:



**Hypothesis H5o is rejected.** There are no statistical significant differences regarding the service quality construct: intangibles between small business tenants who has been a tenant in other shopping centres before and those who have never been a tenant in other shopping centres before with respect to the perceived service quality.

**Table 6.12: Mean scores of the number of business experience of the tenants prior to leasing in the centre in terms of intangibles.**

Level of V8 (Business experience prior to leasing)	N	Mean	Standard Deviation
0-1	39	2,896 a	0,619
2-6	54	3,111 b	0,823
7-11	76	2,856 a	0,587
12-16	50	2,778 a	0,497
17-21	104	2,781 a	0,561
22+	66	2,781 a	0,601
Means with different alphabetic indicators (a, b) differ significantly on the 5 % level			

Table 6.12 shows that there is a significant statistical difference between those small business tenants that have two to six years of business experience prior to leasing in the centre and those with 7 to 11 years, those with 12 to 16 years, those with 17 to 21 years and those with more than 22 years of business experience.

The respondents' perceptions of the intangibles aspects of service quality were therefore influenced by their previous business experience.

In terms of hypothesis H6o the following can be deduced:

**Hypothesis H6o is rejected.** There are no statistical significant differences regarding the service quality construct: intangibles between small business tenants who had no or little business experience prior to leasing in the shopping centre and those who had business experience with respect to the perceived service quality.

**Table 6.13: Mean scores of the different types of shopping centres in terms of intangibles**

Level of v64 (Types of shopping centres)	N	Mean	Standard Deviation
Community	93	2,605 a	0,683
Lifestyle	23	3,084 c d	0,604
Neighbourhood	65	3,086 d	0,467
Regional	84	2,934 b c	0,676
Small Regional	42	2,998 c d	0,631
Strip	14	2,408 a	0,599
Super Regional	68	2,790 b	0,395
Means with different alphabetic indicators (a, b, c, d) differ significantly on the 5 % level			

Table 6.13 indicates that there is a significant statistical difference between community centres and all the other types of centres with the exception of strip centres. There are also significant statistical differences between lifestyle centres and strip centres, between neighbourhood centres and regional centres, strip centres and super regional centres and between regional centres and strip centres. The other significant statistical differences are between small regional centres and strip centres, small regional centres and super regional centres and between strip centres and super regional centres.

The respondents' perceptions of perceived service quality were therefore significantly influenced, depending on the type of shopping centre they were leasing from.

In terms of the stated hypotheses the following can be deduced:

**Hypothesis H7o is rejected.** There are no statistical significant differences with respect to service quality construct: intangibles regarding the perception of service quality received by small business tenants from landlords of different types of shopping centres in Pretoria.

**Table 6.14: ANOVA: Marketing and tangibles**

SOURCE	F-VALUE	p-Value
V2 Respondents' position in business	0,97	0,4083

<b>V9 Tenant in other centres before</b>	3,36	0,0190***
<b>V6 Period as tenant in the centre</b>	5,59	0,0009***
<b>V8 Business experience prior to leasing</b>	1,46	0,2032
<b>V64 Types of shopping centres</b>	24,95	0,0001***

The  $\rho$ -value of  $\leq 0,05$  indicates that the marketing and tangibles determinants (factor 2) are significantly influenced by whether the small business tenant was a tenant in other shopping centres and also by the period that the tenant is at that particular shopping centre. The type of shopping centre also significantly influences the intangible determinants ( $\rho \leq 0,05$ ).

The fact that the intangible, as well as the marketing and tangible determinants are significantly influenced by whether the small business tenant was a tenant in other shopping centres before, might have been expected. The small business tenants have experience of the level of service quality they received from previous landlords, and therefore will have certain expectations of their current landlord's service.

The marketing and tangible determinants are however, not significantly influenced by the respondents' position in the business or by the amount of business experience that the small business tenants had prior to leasing in the particular centre.

These findings show that it made no difference whether the respondents were the owners, managers, owners and managers or any other full-time employees of the business when it came to their perception of the marketing and tangible aspect of service quality received from the landlords.

Their perceptions of the marketing and tangible aspects of service quality were also not influenced by their previous business experience.

In terms of the stated hypotheses the following can be deduced:

**Hypothesis H3o is accepted:** There are no statistical significant differences in terms of the marketing and tangibles service quality construct regarding the perceived service quality that landlords provide to small business tenants, relative to the respondent's position in the business.

**Hypothesis H6o is accepted:** There are no significant differences regarding the perceived service quality received between small business tenants who had no business experience prior to leasing in the shopping centre and those who had no business experience.

**Table 6.15: Mean scores of the number of years as tenant in particular centre in terms of marketing and tangibles**

Level of V6 (Period as tenant in the centre)	N	Mean	Standard Deviation
< 2	34	3,058 a b	0,932
2-6	209	2,951 a b	0,715
7-11	76	3,068 a b	0,718
12+	70	2,860 a	0,895
Means with different alphabetic indicators (a, b) differ significantly on the 5 % level			

Table 6.15 shows that there is a significant statistical difference between tenants who are tenants in the particular shopping centre for less than two years and those with more than twelve years tenancy in the centre. There is also a difference between tenants with two to six years tenancy in the centre and those with more than 12 years in the centre as well as between tenants with 7 to 11 years in the centre and those with more than 12 years in the centre. Their perceptions of the marketing and tangible aspects of service quality were in other words influenced by the length of their tenancy.

It can therefore be deduced that:

**Hypothesis H4o is rejected:** There are no significant differences regarding the perception of service quality received between small business tenants who have been a tenant in the centre for a short time and those who have been a tenant for long.

**Table 6.16: Mean scores of the number of other shopping centres tenants leased from in terms of the marketing and tangibles**

Level of V9 (Tenant in other centres before)	N	Mean	Standard Deviation
0	123	2,949 b	0,826
1	154	2,883 a	0,692
2	60	3,143 b	0,800
3-5	52	3,053 a b	0,806
Means with different alphabetic indicators (a, b) differ significantly on the 5 % level			

With regard to the marketing and tangible aspect of service quality (factor 2) it is found that there is a significant statistical difference between those with zero other tenancy and those with one other tenancies, those with one tenancy and two tenancies and those with one other tenancy and those with three to five other tenancies. The mean scores also support this finding. The respondents' perceptions of perceived service quality were therefore significantly influenced by their previous tenancies in other shopping centres.

It can therefore be deduced that:

**Hypothesis H5o is rejected:** There are no statistical significant differences regarding the perceived service quality between small business tenants who has been a tenant in other shopping centres before and those who have never been a tenant in other shopping centres in regards to the service quality construct: marketing and tangibles.

**Table 6.17: Mean scores of the types of shopping centres in terms of marketing and tangibles**

Level of v64 Types of shopping centres)	N	Mean	Standard Deviation
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Community	93	2,655 b	0,625
Lifestyle	23	3,008 b c d	0,997
Neighbourhood	65	2,803 b c	0,713
Regional	84	3,057 d	0,736
Small Regional	42	2,814 b c	0,679
Strip	14	2,114 a	0,595
Super Regional	68	3,694 e	0,449
Means with different alphabetic indicators (a, b, c, d, e) differ significantly on the 5 % level			

Table 6.17 indicates that there is a significant statistical difference between community centres and regional centres, strip centres and super regional centres. There are also significant statistical differences between lifestyle centres and strip centres, lifestyle centres and super regional centres, between neighbourhood centres and regional centres, strip centres and super regional centres and between regional centres and small regional centres, strip centres and super regional centres. The last significant statistical difference in this regard is between strip centres and super regional centres. The respondents' perceptions of perceived service quality were therefore significantly influenced, depending on the type of shopping centre they were leasing from.

It can therefore be deduced that:

**Hypothesis H7o is rejected.** There are no statistical significant differences regarding the perception of service quality received by small business tenants from landlords of different types of shopping centres in Pretoria.

## 6.7 RESPONSE TO OPEN-ENDED QUESTIONS

The respondents were given several open-ended questions at the end of the questionnaire. The responses were all evaluated and grouped into categories that had some correlation or common characteristic. They were then all labelled accordingly and the results of the comments on these questions are given in Table 6.18 on the next page.

Table 6.18: Results of open-ended questions per type of centre

	Type of centre														Total	
	Neighbourhood		Community		Small Regional		Regional		Super Regional		Lifestyle		Strip			
<b>Question 11 Reason(s) for selecting particular centre</b>	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%
Big, prominent and well-known centre	20	18,02	35	21,74	28	49,12	51	32,69	74	56,92	13	33,33	3	14,29	224	33,19
Good, convenient location	35	31,53	65	40,37	16	28,07	61	39,10	35	26,92	20	51,28	7	33,33	239	35,41
Good marketing mix in centre	13	11,71	20	12,42	4	7,02	14	8,97	13	10,00	4	10,26	3	14,29	71	10,52
Marketing of centre is good	1	0,90	0	0,00	0	0,00	0	0,00	1	0,77	0	0,00	0	0,00	2	0,30
Rental fee is reasonable	9	8,11	11	6,83	2	3,51	2	1,28	0	0,00	0	0,00	6	28,57	30	4,44
Business was available and was good investment	14	12,61	16	9,94	3	5,26	10	6,41	5	3,85	0	0,00	1	4,76	49	7,26
Sufficient and cheap/free parking	2	1,80	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	2	0,30
Shopping hours convenient	2	1,80	1	0,62	0	0,00	2	1,28	0	0,00	0	0,00	0	0,00	5	0,74
Good feet count	15	13,51	13	8,07	4	7,02	16	10,26	2	1,54	2	5,13	1	4,76	53	7,85
<b>Total</b>	<b>111</b>	<b>16,44</b>	<b>161</b>	<b>23,85</b>	<b>57</b>	<b>8,44</b>	<b>156</b>	<b>23,11</b>	<b>130</b>	<b>19,26</b>	<b>39</b>	<b>5,78</b>	<b>21</b>	<b>3,11</b>	<b>675</b>	<b>100,00</b>
<b>Question 12 Most positive features of service</b>																
Good marketing and promotions	12	16,67	4	3,70	3	16,24	19	16,24	61	61,00	5	16,13	0	0,00	104	21,62

Table 6.18 continues on the next page.

Table 6.18: Continued

Question 12 Most positive features of service	Type of centre														Total	
	Neighbourhood		Community		Small Regional		Regional		Super Regional		Lifestyle		Strip			
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%
Prompt and reliable service	7	9,72	5	4,63	0	0,00	6	5,13	1	1,00	3	9,68	0	0,00	22	4,57
Good security	6	8,33	21	19,44	1	2,56	22	18,80	9	9,00	2	6,45	0	0,00	61	12,68
Good communication	9	12,50	10	9,26	2	5,13	16	13,68	3	3,00	4	12,90	0	0,00	44	9,15
Well managed centre	2	2,78	4	3,70	3	7,69	2	1,71	6	6,00	4	12,90	2	14,29	23	4,78
Sufficient and cheap/free parking	1	1,39	3	2,78	4	10,26	8	6,84	2	2,00	1	3,23	1	7,14	20	4,16
Friendly management	5	6,94	7	6,48	1	2,56	8	6,84	1	1,00	2	6,45	0	0,00	24	4,99
Neat and clean centre	9	12,50	16	14,81	20	51,28	21	17,95	11	11,00	5	16,13	2	14,29	84	17,46
None	21	29,17	38	35,19	5	12,82	15	12,82	6	6,00	5	16,13	9	64,29	99	20,58
<b>Total</b>	<b>72</b>	<b>14,97</b>	<b>108</b>	<b>22,45</b>	<b>39</b>	<b>8,11</b>	<b>117</b>	<b>24,32</b>	<b>100</b>	<b>20,79</b>	<b>31</b>	<b>6,44</b>	<b>14</b>	<b>2,91</b>	<b>481</b>	<b>100,00</b>
<b>Question 13 Most negative features of service</b>																
Facilities not properly maintained	18	18,18	30	16,76	4	6,90	37	21,39	52	32,10	5	10,87	4	12,90	150	20,05
Marketing insufficient	30	30,30	23	12,85	28	48,28	14	8,09	2	1,23	10	21,74	10	32,26	117	15,64
Response to problems slow	2	2,02	6	3,35	3	5,17	15	8,67	12	7,41	6	13,04	0	0,00	44	5,88
Rental fees excessive	4	4,04	11	6,15	0	0,00	10	5,78	6	3,70	0	0,00	0	0,00	31	4,14
Inadequate and expensive parking	3	3,03	1	0,56	0	0,00	11	6,36	20	12,35	2	4,35	0	0,00	37	4,95

Table 6.18 continues on the next page.



Table 6.18: Continued

Question 13 Most negative features of service	Type of centre														Total	
	Neigh- bourhood		Community		Small Regional		Regional		Super Regional		Lifestyle		Strip		Total	
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%
Communication poor/non-existent and management never available	10	10,10	27	15,08	1	1,72	21	12,14	25	15,43	5	10,87	8	25,81	97	12,97
Small tenants treated unfairly without respect	4	4,04	26	14,53	0	0,00	33	19,08	18	11,11	1	2,17	1	3,23	83	11,10
None	0	0,00	4	2,23	0	0,00	6	3,47	1	0,62	2	4,35	0	0,00	13	1,74
Tenant mix not good	0	0,00	1	0,56	0	0,00	1	0,58	0	0,00	1	2,17	0	0,00	3	0,40
Security not good	22	22,22	11	6,15	12	20,69	12	6,94	13	8,02	7	15,22	4	12,90	81	10,83
No service at all!; too many to say	1	1,01	32	17,88	9	15,52	11	6,36	12	7,41	5	10,87	4	12,90	74	9,89
Look and feel of centre not appealing; decor outdated	5	5,05	7	3,91	1	1,72	2	1,16	1	0,62	0	0,00	0	0,00	16	2,14
Management not strict and no uniform rules	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	2	4,35	0	0,00	2	0,27
<b>Total</b>	<b>99</b>	<b>13</b>	<b>179</b>	<b>23,93</b>	<b>58</b>	<b>7,75</b>	<b>173</b>	<b>23,13</b>	<b>162</b>	<b>21,66</b>	<b>46</b>	<b>6,15</b>	<b>31</b>	<b>4,14</b>	<b>748</b>	<b>100,00</b>
<b>Question 15 Reasons why staying in centre</b>																
Business is known and client base good	38	41,30	67	47,86	17	36,96	68	45,33	53	40,46	8	25,00	11	47,83	262	42,67
Business is doing good	14	15,22	21	15,00	12	26,09	21	14,00	26	19,85	4	12,50	3	13,04	101	16,45
Leasing fee reasonable	7	7,61	2	1,43	1	2,17	0	0,00	0	0,00	0	0,00	3	13,04	13	2,12

Table 6.18 continues on the next page.

Table 6.18: Continued

Question 15 Reasons why staying in centre	Type of centre														Total	
	Neighbourhood		Community		Small Regional		Regional		Super Regional		Lifestyle		Strip		Fr	%
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%		
Shopping hours are convenient	1	1,09	1	0,71	0	0,00	3	2,00	0	0,00	0	0,00	0	0,00	5	0,81
Security is good	2	2,17	4	2,86	0	0,00	2	1,33	0	0,00	0	0,00	0	0,00	8	1,30
Free/cheap parking	2	2,17	0	0,00	0	0,00	0	0,00	0	0,00	1	3,13	0	0,00	3	0,49
Bound by leasing contract	5	25,43	21	15,00	7	15,22	24	16,00	11	8,40	11	34,38	4	17,39	83	13,52
Not staying	2	2,17	3	2,14	1	2,17	2	21,33	0	0,00	2	6,25	0	0,00	11	1,79
<b>Total</b>	<b>92</b>	<b>14,98</b>	<b>140</b>	<b>22,80</b>	<b>46</b>	<b>7,49</b>	<b>150</b>	<b>24,43</b>	<b>131</b>	<b>21,34</b>	<b>32</b>	<b>5,21</b>	<b>23</b>	<b>3,75</b>	<b>614</b>	<b>100,00</b>

Fr = n of responses and % = fr % of all the type of centres' responses

### **6.7.1 Reasons for selecting the shopping centre**

Referring to Table 6.18, the majority of responses, on the reasons why small business tenants have selected the particular shopping centre, were that the centre is a good and convenient location to do business in (35,41 percent). This confirms Yan and Eckman's (2009:24) and Levy and Weitz's (2009:210) belief that retail location has long been considered as an important strategic business decision and that a sustainable competitive advantage can be developed through the right location for a business. Berman and Evans (2010:287) found that the site with the most pedestrian traffic is often the best location for a business. Levy and Weitz (2009:201), Rajagpal (2009:99) and Roberts *et al.* (2010:598) found that shopping centres play a major role in attracting customer traffic to all the tenants because it is convenient for customers and it provides an assortment of merchandise. The small business tenants that were part of this study surely agreed with this and considered it an advantage to locate their businesses in a shopping centre. The second most responses (33,19 percent) also referred to location. These respondents indicated that they chose the shopping centre because it was a big, prominent and well-known centre. A total of 68,60 percent of the respondents therefore have selected the shopping centre because it was a good location for their businesses.

### **6.7.2 Most positive features of landlord's service**

On the question of what the most positive features of the landlord's service to the small business tenants in shopping centres are, a percentage of 20,58 indicated that there were no positive features. This is quite alarming, since it is the second highest response to this question after good marketing and promotions. If we add the 9,89 percent of respondents that indicated under the question of the most negative features, that there are "no service at all" and "too many negative features to mention", it brings the total of very dissatisfied respondents to 30,47 percent. A clean and neat centre is 17,46 percent of the respondents' most positive feature.

### **6.7.3 Most negative features of landlord's service**

It is interesting that 15,64 percent of respondents indicated that marketing of the centre is the most negative feature of the landlord's service provided to them. The majority of respondents (20,05 percent) indicated that the most negative feature of their landlord's service provided to them is that facilities are not properly maintained. Poor or non-existing communication and, small tenants being treated unfairly and without respect, accounted for 12,97 percent and 11,10 percent respectively of the respondents' most negative features of their landlords' services provided to them. If the other "intangible" aspects namely, response to problems (5,88 percent), excessive rental fees (4,14 percent), expensive parking (4,95 percent), poor security (10,83 percent) and unfair application of rules by management (0,27 percent) of the most negative features of service quality are added to these two aspects, it brings the total percentage to 50,14 percent of respondents that are dissatisfied with the intangible service quality aspect.

Over half of the respondents therefore have mentioned intangible aspects as the most negative features of the service they receive from their landlords. From this large percentage, it can be deduced that small business tenants in shopping centres are very much concerned about how they are treated by landlords and, whether the landlords have in general empathy with them (intangible aspects). This is supported by the empirical findings indicated in Table 6.9 where it was shown that the mean score on this aspect is 2,8812.

### **6.7.4 Reasons for remaining in the shopping centre**

Referring to Table 6.18, most of the respondents (59,12 percent) have indicated that they remain as a tenant in the shopping centre because their business is known, their client base is good and that their business is doing well. Only 1,79 percent of the respondents have indicated that they are going to move out of the centre and 13,52 percent have indicated that the only reason why they are staying, is because they are bound by their leasing contract.

### 6.7.5 Conclusion

It is thus clear that many small business tenants are in fact dissatisfied with many aspects of the services that they receive from their landlords, but are still going to stay on as a tenant in the shopping centre. The reason for this is probably due to the fact that the landlord-small business tenant relationship in shopping centres is quite unique. This relationship is not the same as a customer that is doing business with a retailer. If customers are not satisfied with the service that they receive from a retailer, it is easy for the customers to simply change to another service provider. In the case of tenants in shopping centres, it is not that easy (or inexpensive) to simply change their location to another shopping centre if the service they receive from their landlord is, in their opinion not good. Most small business tenants cannot change to another shopping centre as they are usually tied into three or five year lease agreements.

If their business in a shopping centre is known, their client base is good and their business is doing well, (as indicated by the 59,12 percent in this study) they are most likely willing to stay on as a tenant even if they perceive the service that they receive from their landlords as poor. In many cases, a particular shopping centre is perceived to be such a good location for businesses, that there is a long waiting list of interested tenants ready to move in. It is indeed probable that landlords know this, and it will therefore not be a matter of urgency for these landlords to satisfy their clients in the same way as the other “ordinary” service providers.

Also refer to the verbatim comments made by small business tenants in shopping centres (Appendix C).

Since it was found that the separate SERVPERF and FAIRSERV dimensions are not appropriate for measuring quality in a landlord-small business relationship in shopping centres, these responses to the open-ended questions can in reality also be used as a base for future research in determining the dimensions of service quality that small business tenants in shopping centres deemed important.

## 6.8 CONCLUSION

In this chapter, relevant information was obtained and explained by means of descriptive and inferential statistics. Relevant data was captured and provided in tabular and figure format. The various statistical techniques and methods as discussed within the scope of Chapter 5 (Research design and methodology) were practically applied within Chapter 6.

The business demographic information of the respondents was presented as well as their personal demographic information. The respondents' perceptions of the service quality they receive from their landlords were captured in relation to the original five SERVPERF dimensions and one FAIRSERV dimension. Later in the chapter, this was also done after factor analysis on the two distinct factors of intangibles, and marketing and tangibles.

Factor analysis confirmed two perceived service quality factors, namely **intangibles** and **marketing and tangibles**. The factor analysis indicated relatively high construct validity of the measuring instrument as evidenced by the high Cronbach alpha scores. The One-Way ANOVA test and Post hoc tests using least square means t-tests were also executed to illustrate statistical differences between various variables. ANOVA was used to test hypotheses H3o to H7o.

In the next chapter, attention will be paid to the conclusions and the most important recommendations. The objectives and hypotheses of the study will be revisited. The information obtained will be applied within the boundaries and limitations of this particular study.

## CHAPTER 7

### CONCLUSION AND RECOMMENDATIONS

#### 7.1 INTRODUCTION

The previous chapter presented the empirical findings of the study and these were discussed in detail. This chapter provides an overview of the literature study, while the research objectives, research questions and hypotheses are revisited and interpreted. The hypotheses are furthermore accepted or rejected based on the statistical techniques executed in Chapter 6. The contribution to the science and limitations of the study is indicated, together with the recommendations for further research into this field. The chapter ends with a summary and conclusion to the study.

#### 7.2 SUMMARY OF THE CHAPTERS

A review of each chapter of this thesis is presented next.

##### 7.2.1 Background and definition of the study

Chapter One discussed the background of the study and presented the problem statement as well as the primary and secondary objectives of the study. The chapter also presented an overview of the scope of the study. In so doing, it examined the rationale and conceptualisation of the study, thereby laying a foundation for the subsequent chapters of the thesis that were outlined. The chapter further formulated a number of research questions that were answered, and it also stated the hypotheses that were tested in the study.

## 7.2.2 Services and an introduction to quality

This chapter provided a critical review of literature about the concepts of services and quality. A distinction was first made between service quality and customer satisfaction. The literature revealed that it is important to distinguish between the two concepts, although clear distinctions were not always found in the literature. Traditionally, service quality and customer satisfaction were viewed as equivalent constructs but some degree of consensus among scholars were found in the literature that these are indeed distinctive constructs. The most popular definition of service quality in the literature is based on the so-called “disconfirmation approach” where customer satisfaction is said to be a comparison between customer expectations and perceptions regarding the actual service encounter (Bateson & Hoffman, 2010:295; Kasper *et al.*, 2006:105). It has been suggested that service quality is descriptive and based on fact (the customers’ judgement about the service itself), while satisfaction is more evaluative and based on emotion (more of a judgement of how the service affects the customer emotionally) (Schneider & White, 2004:51).

Empirical evidence was found in the literature that perceived service quality leads to satisfaction (Al-Hawari & Ward, 2006:140; Cristobal *et al.*, 2007:332; Dabholkar & Overby, 2005:23; Dagger & Sweeney, 2006:6; Fisk *et al.*, 2008:155; Gounaris *et al.*, 2010:150; Hume, 2008:349; Kasper *et al.*, 2006:105; Lundahl *et al.*, 2009:588; Maddern *et al.*, 2007:1013; Pantouvakis & Lymperopoulos, 2008:623; Pollack, 2008:537; 2009:46; Solvang, 2007:120; Zhang *et al.*, 2009:81). It was suggested that service quality creates a chain reaction with regard to customer satisfaction and customer loyalty in the establishment of enduring relationships with service firms (Fisk *et al.*, 2008:153). The assumption was therefore made that this notion also holds true for the relationship between small business tenants in shopping centres and their landlords. If the small business tenant is experiencing high service quality from the landlord, they will be more likely to remain at their location in the shopping centre and the landlord would not need to waste money on marketing and other related costs to fill the vacancy.



This research study though, concentrated on service quality as the spark that ignites the chain reaction towards customer satisfaction and positive behavioural intentions from the small business tenants. High service quality is thus viewed as an important aspect that needed investigation in the relationship between landlords and small business tenants in shopping centres.

With regard to the concept of services, it was found that it has changed considerably during the past 30 years. In earlier work found in the literature, the characteristics of services were viewed as a means to explain services and, it was believed that services should be defined by emphasising the difference between services and goods. Although many scholars admit that the distinction between goods and services is not always very clear, it is generally accepted that they are not distinct. These scholars believed that there is an important interdependence between goods and services, where some services may require physical goods to support and facilitate the delivery system and some physical goods may have intangible aspects. The view of Shostack (1977), that services can be arrayed on a continuum of intangibility, with pure services at the one extreme of the continuum and pure goods at the other extreme were widely accepted by researchers. Services offered by landlords to small business tenants in shopping centres were regarded as a good example of services that fall between the two extremes of the continuum.

Chapter Two further reported on the lively debate in the literature about the differences between goods and services. Several scholars like Akehurst (2008), Araujo and Spring (2006), Corrêa *et al.* (2007), Vargo and Lusch (2004b) and Ward and Graves (2007) were of the opinion that the differences between goods and services became increasingly blurred and regarded it as out of date, unproductive, distracting and irrelevant. It was found that in the early seventies, Levitt (1972) insisted that there are no such things as service industries, only industries whose service components are greater or less than those of other industries. The literature further revealed that more than 30 years later, Vargo and Lusch (2004a:5) emphasised the importance of service businesses by, maintaining that services become the unifying purpose of any business relationship – a service-dominant rather than a goods-dominant environment.

The literature cited from the scholarly work of Edvardsson *et al.* (2005), Grönroos (1988), Grönroos (2006), Lovelock and Wirtz (2011) and Moeller (2010) were in agreement with the fact that it is difficult to define a service. A more recent view in the literature on the definition of a service was found to be that of Lusch and Vargo (2011) and Vargo and Lusch (2004) where they base their definition of a service on the so-called value-in-use view: “the application of specialised competences, through deeds, processes and performances for the benefit of another entity or the entity itself”. According to this more recent view in the literature, value is created when products, goods or services are used by customers.

It was found that many textbooks and research articles still complement their discussion of what services are by differentiating between goods and services by means of the characteristics of services (Bateson & Hoffman, 2011; Chase *et al.*, 2006; Evans & Lindsay, 2008; Fisk *et al.*, 2008; Fitzsimmons & Fitzsimmons, 2006; Heizer & Render, 2006; Hollensen, 2010; Kasper *et al.*, 2006), to mention only a few. The characteristics of services (intangibility, inseparability, heterogeneity and perishability) as discussed in the literature by several scholars were therefore also discussed in Chapter 2. Several criticisms on these four characteristics were however found in the literature and were briefly discussed as well.

As far as the concept of quality is concerned, the reviewed literature revealed that the understanding and improving of quality are key factors leading to business success, growth and competitiveness. The meaning of quality was discussed in this chapter from Garvin’s (1984) proposed approaches, namely the transcendent approach, the product-based approach, the user-based approach, the manufacturing-based approach and the value-based approach.

### **7.2.3 Service quality**

The third chapter presented a review of the literature on service quality. The literature covered a brief review of perceived quality as a concept and also covered several service quality models. It was found in the literature that scholars like Grönroos (1988), Parasuraman *et al.* (1986), Schneider and White (2004) and Zeithaml (1988) have

expressed a preference for the concept “perceived quality”. They argued that all quality evaluations in effect are subjective, because these are made by people. Therefore, perceived quality was cast as “the customer’s judgement about a service’s overall excellence or superiority” and it was found in the literature that perceived quality is influenced by aspects such as extrinsic attributes (brand name and level of advertising), intrinsic attributes, and perceptions of lower-level attributes (perceived monetary price and reputation).

It was found in the literature that the debate on service quality revolved mainly around two competing perspectives, termed the Nordic school (Scandinavian or European) and the American school. The Nordic school defined service quality using overall categorical terms and included the aspects of technical- and functional quality. The American school on the other hand, used descriptive terms and included *inter alia* the five dimensions of reliability, responsiveness, assurance, empathy and tangibles in their definition.

In this chapter, it was also revealed that Grönroos (1984; 1988) was amongst the first scholars that called for conceptual models of service quality in order to understand the concept better. It was found that during the past approximately 15 years, at least 30 industry-specific scales and models of service quality have been published in the literature on service quality. A summary of 13 of the most important of these models are presented in Table 7.1.

**Table 7.1: Summary of service quality models**

Model	Key findings	Limitations/suitability for this study
1. Technical and functional quality model of Grönroos.	Service quality depends on technical quality, functional quality and corporate image of the organisation in consideration. Functional quality is regarded as more important than technical quality.	The model was not considered for this study because it does not offer an explanation on how to measure functional and technical quality.
2. SERVQUAL model of Parasuraman <i>et al.</i>	The model is an analytical tool. It enables management to systematically identify service quality gaps between a number of variables affecting the quality of the offering. The model is externally focused. It can assist management in identifying the relevant service quality factors from the viewpoint of the consumer.	The model was not considered for this study because, to measure expectations as well as perceptions, would have made the questionnaire relatively complicated and time-consuming.
3. SERVPERF model of Cronin and Taylor.	Uses only the perceptions part of the SERVQUAL scale. Measures service quality experiences only and not customer expectations as well. It directly reduces the number of items by 50 %.	The model was considered for this study because it was found that the five dimensions suited the landlord-small business tenant relationship in shopping centres. By measuring only the perceptions, made the questionnaire less complicated and more economical to administer.
4. Attribute service quality model of Haywood-Farmer.	This model provides a base of segregating service organisations on three dimensions for better management of quality. These dimensions are physical facilities, people's behaviour elements and professional judgement. The model enhances understanding of the concept of service quality.	The model was not considered for this study because it did not offer an instrument for measuring service quality. It did not offer a practical procedure capable of helping management to identify service quality problems or practical means of improving service quality.

Table 7.1 continues on the next page.

**Table 7.1: Continued**

Model	Key findings	Limitations/suitability for this study
5. The dynamic process model of Boulding <i>et al.</i>	This model attempt to provide insights into the process by which customers form judgements of service quality and the way these judgements affect subsequent behaviour. Customers' perceptions and expectations change over time, and the model claim to test the relationships between expectations, perceptions and intended behaviour.	The model was not considered for this study because it did not offer an instrument for measuring service quality. The model merely has enhanced understanding of service quality and behavioural intentions of customers.
6. The three-component model of Rust and Oliver.	The three components of this model are the service product, the service delivery and the service environment.	The model was not considered for this study because it did not offer an instrument for measuring service quality.
7. The return-on-quality approach of Rust <i>et al.</i>	The model advocates that the dimensions of measuring service quality should be related to the organisation's business processes. The model concentrates on making the quality improvement efforts financially viable.	The model is based on customer retention or repurchases behaviour and did not offer a practical procedure to identify service quality problems and, was therefore not considered for this study.
8. The P-C-P attribute model of Philip and Hazlett.	Provides a simple, effective and general framework of assessing service quality for any service sector. The model highlights the area of improvements for service quality depending on the frequency of the encounter. The dimensions to these three levels of attributes are individual sector-dependent and with reference to the consumer.	The model did not provide general dimensions to the three levels of attributes. It also lacked empirical validation and, was therefore not considered for this study.

Table 7.1 continues on the next page.

**Table 7.1: Continued**

Model	Key findings	Limitations/suitability for this study
9. The antecedents model of Dabholkar <i>et al.</i>	Service quality is better visualised by its antecedents rather than its components. This model can provide a complete understanding of service quality and how these evaluations are formed. Customer satisfaction should be evaluated separately from service quality when trying to determine customer evaluations of service.	The model measured behavioural intentions rather than actual behaviour and was not considered for this study.
10. The hierarchical approach of Brady and Cronin.	Service quality is a multidimensional, hierarchical construct. Perceptions are based on evaluations of three primary dimension, outcome, interaction and environmental quality, which have each three sub-dimensions. The three sub-dimensions will first be evaluated and will influence evaluation of the primary dimensions that will lead to an overall service quality perception.	The model was not considered for this study because it did not offer an instrument for measuring service quality and, few efforts have been made to provide empirical evidence for this hierarchical structure.
11. Grönroos's model as adapted by Kang and James.	Technical, functional and image should be measured to fully capture overall perceptions of service quality. Grönroos's model is empirically tested and the five-factor structure of SERVQUAL is confirmed. Other than most other models, it is believed that technical quality can be assessed by customers.	The model was not considered for this study because the technical quality- and image dimensions did not play a big role in the landlord-small business tenant relationship.
12. Kang's hierarchical structure of service quality.	The five-factor structure as proposed by SERVQUAL is confirmed and represents the functional quality dimension of perceived service quality. This model provides empirical evidence for the claim that perceived service quality is based on technical quality and functional quality components.	Few efforts have been made to provide empirical evidence for this hierarchical structure. It also did not offer an instrument for measuring service quality.

Table 7.1 continues on the next page.

**Table 7.1: Continued**

<b>Model</b>	<b>Key findings</b>	<b>Limitations/suitability for this study</b>
13. Carr's FAIRSERV model.	The five SERVQUAL dimensions are accepted for measuring service quality, but equity (fairness) is added as an important dimension. It is felt that customers are concerned with getting what they deserve in relation to other customers of the same service. Their evaluation of the fairness of the service encounter will have an influence on their overall perception of service quality.	Since small business tenants in shopping centres often feel that they are treated unfairly in comparison with the bigger anchor tenants, especially in relation to leasing fees and location, it was considered to add a "fairness" dimension to SERVQUAL's five dimensions.

The chapter was concluded by the decision that the SERVPERF instrument will be used to measure the perceived service quality that small business tenants receive from their landlords. From the extensive literature review, it was found that the five dimensions of service quality proposed by this instrument (reliability, responsiveness, assurance, empathy and tangibles) fitted in with the relationship between the landlord and small business tenants in shopping centres. Since it was found in the literature that small business tenants in shopping centres often feel that they are treated unfairly, it was decided that a dimension of the FAIRSERV model will be included in this study's model.

#### **7.2.4 Small business tenants in shopping centres**

This chapter started off with a critical review of literature about the importance of small businesses for a country's economy, and the importance of the correct location for small businesses. Next, shopping centres as a good location for small businesses were discussed. In this respect, it was found that the concept of enclosed shopping centres became popular during the 1950s and early 1960s due to the decline of business within many Central Business Districts. Several scholars like Beyard and O'Mara (in Kajalo & Lindblom, 2010) and Goedken (2006), found that shopping centres have been the most successful retail business concept for the last 50 years and, have become the most powerful and adaptable machine for consumption that the world has ever seen. It was also revealed in the literature that shopping centres play a major role in customers' lifestyles where it became a community centre for social and recreational activities.

The literature revealed that, during the past few years, the market for some shopping centres in the USA has been declining. It has consequently been found that this should be all the more reason for shopping centre landlords in South Africa to improve their efforts in providing high quality services to their tenants.

Berman and Evans (2010), Goedken (2006), Levy and Weitz (2009) and Pitt and Musa (2009) defined a shopping centre as "a group of retail and other commercial establishments



that is planned, developed, owned and managed as a single property, with on-site parking provided". Various types of shopping centres in South Africa were discussed, mainly from the work of Berman and Evans (2010), Levy and Weitz (2009) and Prinsloo (2010). These included small free standing and convenience centres with five to 25 stores, neighbourhood centres with 25 to 50 stores, community centres with 50 to 100 stores, small regional shopping centres with 75 to 150 stores, regional centres with 150 to 250 stores, and super regional centres with more than 250 stores. Other centres that were identified were lifestyle centres with 50 to 125 stores and value or strip centres with 20 to 40 stores.

Chapter 4 further reviewed literature on shopping centres as investments. The literature cited, particularly from Pitt and Musa (2009), Muller (2008) and Singh *et al.* (2010), showed that shopping centres are built by developers and sold to the institutional investment community. It was found that a great deal of the estimated 1 300 shopping centres in South Africa are owned by pension funds, life insurance companies, listed property groups and private developers. The main focus of these owners was found to be the maximising of profit for their investors. In order to do this and, to ensure the success of the shopping centre, the literature revealed the importance of managing the shopping centres effectively.

In this chapter the marketing and financial success of a shopping centre was found to be dependent on several factors, of which the importance of the right tenant mix was recognised to be the most critical factor. Greenspan (1997) defined tenant mix as "having a variety of stores that work well together to enhance the performance of the entire centre as well as performing successfully as individual businesses. Work by El-Adly (2007) and Ibrahim and Galven (2007) indicated that the most important element of survival for shopping centres lies with its tenants. In the literature reviewed, these tenants in shopping centres were divided into two types, namely traffic attractors and traffic users. A traffic attractor was identified as the tenant that draws the human traffic to the shopping centre and controls the customer movement patterns within the centre. These tenants are called anchor stores. The traffic users were typically found to be the stores that depended on the visitors drawn by the anchor stores. Small business tenants in shopping centres are typically traffic users. It was also found in the literature that landlords are well aware of the fact that the

realisation of a maximum return on their investment requires the presence of these anchor tenants. This was found to be one of the reasons why anchor tenants are able to enjoy rents per square metre that are far less than the rents of the smaller independent retailers.

The observations drawn from Damian *et al.* (2011), Carlson (1991), Ibrahim and Galven (2007) as well as that of Jones (2007), revealed that the success of individual tenants, as well as the success of the entire shopping centre, are interdependent and are enhanced by the cumulative synergy generated by the tenant mix. With regard to the landlord-tenant relationship in shopping centres, a review of the work of Roberts and Merrillees (2003), Whyatt (2008) as well as Yu and Ramanathan (2008) revealed that shopping centres include a complex network of internal and external relationships that can impact on the operations and working environment of the centre. The most important and most critical of these relationships were found to be the one between landlords and the tenants. In this regard, Howard (1997) suggested that a partnership approach among all the tenants and shopping centre management is the key for the success of the centre, as collaboration in the relationships provides mutual benefits and synergies.

It was found in the literature that it is of particular importance for landlords to ensure that their tenants stay with them, as the costs of attracting new tenants are much higher than the costs of keeping the present tenants. It therefore became clear that landlords in shopping centres will have to be proactive in the area of service quality. The work of Gray (1992) indicated that the measuring of service quality can help landlords to identify the areas that can provide them with a competitive edge and, those areas that need to be improved upon.

Chapter 4 further reviewed literature on the landlord-tenant contract of lease and set out the terms and conditions of such a contract. Crosby *et al.* (2006) pointed out that the lease terms can inhibit or facilitate certain aspects of the day-to-day operation and substantially affect cash flow for the tenant's business. Jacobsberg (2009) found that it is significantly important for small business tenants to employ an appropriate professional to help them through the process of negotiating a lease.

The definition and classification of small businesses in terms of the National Small Business Amendment Act, Act 26 of 2003, were also given in this chapter. Lastly, the role of small businesses in shopping centres was reviewed and it was found that shopping centres with a high volume of pedestrian traffic are seen as good locations for their businesses. The literature also reviewed that, although landlords realise the importance of accommodating small independent businesses in their centres, small independent businesses are still at a competitive disadvantage regarding several issues. Chapter 4 concluded with literature that revealed that small businesses often fail due to a deficiency in areas such as business knowledge, money, customer service, merchandising and marketing.

### **7.2.5 Research design and methodology**

This chapter discussed the research design and methodology adopted in this study. The chapter examined the research methods, population, sample, as well as the data collection and data analysis techniques used in the study.

Data were collected from the sample by the researcher, with the help of two field workers. An official introductory letter and consent form were obtained from the University of Pretoria to assure respondents that the collected data were purely for academic purposes and that their responses will be treated as strictly confidential. The data were coded and entered into the Microsoft Excel programme. This helped to edit and screen the data before it was imported into the BMDP statistical programme that analysed the data by means of descriptive and inferential statistical techniques deemed appropriate for the research questions and hypotheses of the study.

### **7.2.6 Research findings**

This chapter presented and discussed the findings obtained from an analysis of the data. The chapter described the sample from which the data was collected. The sample consisted of small business tenants in shopping centres in Pretoria, South Africa. The majority of these

small business tenants were from the retail goods sector and most of the respondents were managers of the businesses. The business demographics and the personal demographics of the respondents were presented and discussed. The results on the perceived service quality that respondents received from landlords were presented with each variable's mean score and standard deviation. It was found that the statement that rated the highest on mean score was from SERVPERF's tangible dimension namely, "There is sufficient parking at the centre" (mean score of 3,5820). The statement that rated the lowest on mean score was from the fairness dimension of FAIRSERV namely "In general, small tenants are treated the same as bigger tenants" (mean score of 2,1969).

The chapter further presented factor analysis in order to confirm the validity and reliability of the measuring instrument, and two distinct factors were identified namely, intangibles as well as marketing and tangibles. The mean scores of these factors were found to be 2,8812 and 2,9903 respectively and is an indication that the respondents were in general dissatisfied with the overall perceived service quality that they received from the landlords.

The chapter also presented and discussed the findings in response to the research objectives, research questions and hypotheses of the study.

### **7.3 RESEARCH OBJECTIVES REVISITED**

The need to conduct this study arose as small business tenants in shopping centres felt that they were prejudiced by landlords that favour bigger, well-known retailers, mainly for economic reasons. As a result, the perception was that the service quality that they received from their landlords left a lot to be desired. The purpose of the study was therefore to measure the perceived service quality that small business tenants in shopping centres received from their landlords. The realisation of this purpose has been guided by a primary objective and six secondary objectives.

The primary and secondary objectives of the study are revisited and presented.

### 7.3.1 Primary objective revisited

The primary objective of the study was to measure the perceived service quality that small business tenants in shopping centres receive from their landlords.

The primary objective of the research was achieved, as the perceived service quality that small business tenants in shopping centres receive from their landlords was measured by the use of the combined SERVPERF and FAIRSERV model. Factor analysis was done on variables from the questionnaire used in this study and the two factors that were identified were: Factor 1, intangibles and Factor 2, marketing and intangibles.

**Table 7.2: Perceived service quality of landlords' service to small business tenants**

FACTOR	FINDINGS
Factor 1: Intangibles	The mean score for this factor was 2,881 (standard deviation 0,634), indicating that respondents were in general more dissatisfied than satisfied with the intangible factor of service quality that they receive from landlords.
Factor 2: Marketing and tangibles	With respect to the marketing and tangible aspect, the mean score was 2,990 (standard deviation 0,784), indicating that more respondents were dissatisfied than satisfied with the marketing and tangibles aspect of service quality that they receive from landlords.

Table 7.2 illustrates that more respondents were in general dissatisfied than satisfied with the overall perceived service quality that they received from their landlords. They were more dissatisfied though, with the intangible aspect of service quality that they receive from landlords.

### 7.3.2 Secondary objectives revisited

The secondary objectives of the study were to:

- Determine whether the combined SERVPERF and FAIRSERV model of service quality, in its original form, will be suitable to measure the perceived service quality that small business tenants in shopping centres receive from their landlords.
- Determine whether there are statistical significant differences regarding the perceived service quality that small business tenants receive from landlords, with regards to the position of the respondent within the business.
- Determine whether there are significant differences regarding the perceived service quality between small business tenants who have been in the centre for a short time and those who have been in the centre for long.
- Determine whether there are significant differences regarding the perceived service quality between small business tenants who have been a tenant in other shopping centres before and, those who have never been a tenant in another shopping centre.
- Determine whether there are significant differences regarding the perceived service quality between small business tenants who had no business experience prior to leasing in the shopping centre and those who had business experience.
- Determine whether there are significant differences regarding the perception of service quality received by small business tenants from landlords of different types of shopping centres in Pretoria.

The first secondary objective was met as follows:

The questions of the questionnaire were set according to the SERVPERF and FAIRSERV service quality models. Factor analyses were used to discover the underlying constructs that explain the variance and, it was found that only two distinct dimensions of service quality

were identified, namely **intangibles**, and **marketing and tangibles**. This was found to be contrary to what was suggested by the SERVPERF and FAIRSERV service quality models. The models suggested six service quality dimensions namely, reliability, responsiveness, assurance, empathy, tangibles and fairness. Although elements of these dimensions were retained in the two factors, it was clear that small business tenants in shopping centres only rated the perceived service quality received from the landlord according to the intangibles and the marketing and tangibles dimensions. The conclusion was therefore made that the combined SERVPERF and FAIRSERV service quality models, in its original form, were not suitable to measure the perceived service quality that small business tenants in shopping centres receive from their landlords.

The other secondary objectives were met as follows:

ANOVA was conducted in order to establish whether relationships exist between the factors and the independent variables. The results are depicted in Table 7.3 on the next page.

Table 7.3 is presented on the next page.

**Table 7.3: Relationships in terms of respective independent variables**

<b>FACTOR</b>	<b>Independent variable</b>	<b>FINDINGS</b>
<b>Intangibles</b>	Respondents' position in the business.	With a p-value of 0,2951, it is clear that no statistical significant difference was found between the respondents' position in the business and this aspect of perceived service quality (Table 6.10).
	Period as tenant in the centre.	It was found that there were no statistical significant differences between the period of time that the small business tenants were at a particular shopping centre and this aspect of perceived service quality (p-value: 0,3462).
	Tenant in other shopping centres before.	There were statistical significant differences regarding the perception of service quality between small business tenants regarding to whether they have been a tenant in other shopping centres before.
	Business experience prior to leasing in centre	There were statistical significant differences regarding the perception of service quality between small business tenants who had no or little business experience prior to leasing in the shopping centre and those who had business experience.
	Types of shopping centres.	There were statistical significant differences regarding the perceived service quality that small business tenants receive from landlords, with regards to the type of shopping centre they were leasing from.
<b>Marketing and tangibles</b>	Respondents' position in the business.	It was found that there were no statistical significant differences between the period of time that the small business tenants were at a particular shopping centre and this aspect of perceived service quality (p-value: 0,3462).
	Period as tenant in the centre.	There were statistical significant differences regarding the perception of service quality between small business tenants who have been a tenant in the centre for a short time and those who have been a tenant for long.

Table 7.3 continues on the next page.



**Table 7.3: Continued**

<b>FACTOR</b>	<b>Independent variable</b>	<b>FINDINGS</b>
<b>Marketing and tangibles</b>	Tenant in other shopping centres before.	There were statistical significant differences regarding the perception of service quality between small business tenants regarding to whether they have been a tenant in other shopping centres before.
	Business experience prior to leasing in centre	The respondents' perceptions of the marketing and tangible aspects of service quality were not influenced by their previous business experience.
	Types of shopping centres.	There were statistical significant differences regarding the perceived service quality that small business tenants receive from landlords, with regards to the type of shopping centre they were leasing from.

## 7.4 RESEARCH QUESTIONS REVISITED

A summary of the findings in response to the research questions of the study is presented in Table 7.4.

**Table 7.4: A summary of the findings in response to the research questions**

<b>Research Questions</b>	<b>Findings</b>
<b>Research question one:</b> Are small business tenants in shopping centres generally satisfied with the quality of service they receive from landlords?	With mean scores of 2,881 (standard deviation 0,634) for the intangibles aspect and 2,990 (standard deviation 0,784) for the marketing and tangibles aspect of service quality, it can be concluded that the respondents were in general not satisfied with the service quality that small business tenants in shopping centres receive from their landlords

Table 7.4 continues on the next page.

Table 7.4: Continued

Research Questions	Findings
<p><b>Research question two:</b> Is the combined SERVPERF and FAIRSERV service quality model, in its original form, suitable for measuring the perceived service quality that small business tenants in shopping centres receive from their landlords?</p>	<p>Although several of the elements of the five SERVPERF dimensions were found to be relevant, the factor analysis showed that these elements are divided into only two distinct factors, namely intangibles and, marketing and tangibles. The five separate dimensions as suggested by the SERVPERF model, namely reliability, responsiveness, assurance, empathy and tangibles were found not to be relevant to the landlord-small business relationship in shopping centres. Most of the FAIRSERV elements that were added to the measuring instrument were retained after the factor analysis, but it was not identified as a separate dimension of perceived service quality. It was therefore found that the combined SERVPERF and FAIRSERV model, in its original form, is not suitable for measuring the perceived service quality that small business tenants in shopping centres receive from their landlords.</p>
<p><b>Research question three:</b> Are there any significant differences regarding the perceived service quality provided by landlords to small business tenants depending on their position in the business?</p>	<p>There were no significant differences regarding the perceived service quality that small business tenants receive from landlords, with regards to the position of the respondents in the business. This was the case for both the intangibles construct, and the marketing and tangibles construct of service quality. These findings show that it made no difference whether the respondents were the owners, managers, owners and managers or any other full-time employees of the business when it came to their perception of service quality received from the landlords.</p>
<p><b>Research question four:</b> Are there any significant differences regarding the perception of service quality received by small business tenants who have been a tenant in the centre for a short time and those who have been a tenant for long?</p>	<p>With respect to the service quality construct intangibles, there were no statistical significant differences regarding the perception of service quality between small business tenants who have been a tenant in the centre for a short period of time and those who have been a tenant for long. This was however, not the case with the service quality construct marketing and tangibles, where a statistical difference was found for this variable. The respondents' perceptions of the intangibles aspects of service quality were therefore not influenced by how long they have been tenants in the shopping centre. Their perceptions of the marketing and tangible aspects of service quality were on the other hand, influenced by the length of their tenancy.</p>

Table 7.4 continues on the next page.

**Table 7.4: Continued**

Research Questions	Findings
<p><b>Research question five:</b> Are there any significant differences regarding the perceived service quality received by small business tenants who have been a tenant in other shopping centres before and those who have never been a tenant in other shopping centres before?</p>	<p>There were statistical significant differences regarding the perceived service quality that small business tenants receive from landlords, with regards to whether they have been a tenant in other shopping centres before and whether they have never been a tenant in other shopping centres. This was the case for both the intangibles construct, and the marketing and tangibles construct of service quality. The respondents' perceptions of perceived service quality were significantly influenced by their previous tenancies in other shopping centres.</p>
<p><b>Research question six:</b> Are there any significant differences regarding the perceived service quality received by small business tenants who had no business experience prior to leasing in the shopping centre and those who had business experience?</p>	<p>With respect to the service quality construct intangibles, there were statistical significant differences regarding the perception of service quality between small business tenants who had no or little business experience prior to leasing in the shopping centre and those who had business experience. This was however, not the case with the service quality construct marketing and tangibles, where no statistical difference was found for this variable. The respondents' perceptions of the intangibles aspects of service quality were therefore influenced by their previous business experience. Their perceptions of the marketing and tangible aspects of service quality were, on the other hand, not influenced by their previous business experience.</p>
<p><b>Research question seven:</b> Are there any significant differences regarding the perception of service quality received by small business tenants, from landlords of different types of shopping centres in Pretoria?</p>	<p>There were statistical significant differences regarding the perceived service quality that small business tenants receive from landlords, with regards to the type of shopping centre they were leasing from. This was the case for both the intangibles construct, and the marketing and tangibles construct of service quality. The respondents' perceptions of perceived service quality were significantly influenced, depending on the type of shopping centre they were leasing from.</p>

## 7.5 HYPOTHESES REVISITED

A summary of the findings obtained from testing of the null hypotheses is presented in Table 7.5 on the next page

**Table 7.5: Findings from testing of the Null Hypotheses**

HYPOTHESES	FINDINGS	
<p><b>H1o:</b> Small business tenants in shopping centres are in general not satisfied with the service quality they receive from landlords.</p> <p><b>H1a:</b> Small business tenants in shopping centres are in general satisfied with the service quality they receive from landlords.</p>	Null accepted and alternative rejected.	
<p><b>H2o:</b> The combined SERVPERF and FAIRSERV model of service quality, in its original form, will not be suitable to measure the perceived service quality that small business tenants in shopping centres receive from their landlords.</p> <p><b>H2a:</b> The combined SERVPERF and FAIRSERV model of service quality, in its original form, will be suitable to measure the perceived service quality that small business tenants in shopping centres receive from their landlords.</p>	Null accepted and alternative rejected.	
<p><b>H3o:</b> There are no significant differences regarding the perceived service quality that small business tenants receive from landlords' depending on the position of the respondent in the business.</p> <p><b>H3a:</b> There are significant differences regarding the perceived service quality that small business tenants receive from the landlords, irrespective of what the position of the respondent in the business is.</p>	<p><b>Intangibles factor</b></p>	<p><b>Marketing and tangibles factor</b></p>
	Null accepted and alternative rejected	Null accepted and alternative rejected

Table 7.5 continues on the next page.

Table 7.5: Continued

HYPOTHESES	FINDINGS	
	Intangibles factor	Marketing and tangibles factor
<p><b>H4o:</b> There are no significant differences regarding the perception of service quality between small business tenants who have been a tenant in the centre for a short period of time and those who have been a tenant for a longer period of time.</p> <p><b>H4a:</b> There are significant differences regarding the perception of service quality between small business tenants who have been a tenant in the centre for a short period of time and those who have been in the centre for a longer period of time.</p>	Null accepted and alternative rejected	Null rejected and alternative accepted
<p><b>H5o:</b> There are no significant differences regarding the perceived service quality between small business tenants who have been a tenant in other shopping centres before and those who have never been a tenant in other shopping centres.</p> <p><b>H5a:</b> There are significant differences regarding the perceived service quality between small business tenants who have been a tenant in other shopping centres before and those who have never been a tenant in other shopping centres .</p>	Null rejected and alternative accepted	Null rejected and alternative accepted
<p><b>H6o:</b> There are no significant differences regarding the perceived service quality between small business tenants who had no or little business experience prior to leasing in the shopping centre and those who had business experience.</p> <p><b>H6a:</b> There are significant differences regarding the perceived service quality between small business tenants who had no or little business experience prior to leasing in the shopping centre and those who had business experience.</p>	Intangibles factor	Marketing and tangibles factor
	Null rejected and alternative accepted	Null accepted and alternative rejected

Table 7.5 continues on the next page.

**Table 7.5: Continued**

HYPOTHESES	FINDINGS	
	Intangibles factor	Marketing and tangibles factor
<p><b>H7o:</b> There are no significant differences regarding the perception of service quality that small business tenants receive from landlords/centre management of different types of shopping centres in Pretoria.</p> <p><b>H7a:</b> There are significant differences regarding the perception of service quality that small business tenants receive from landlords/centre management of different types of shopping centres in Pretoria.</p>	Null rejected and alternative accepted	Null rejected and alternative accepted

#### 7.4 CONTRIBUTION/NEW KNOWLEDGE GENERATED BY THE STUDY

This study has comprehensively revealed and documented the nature of the perceived service quality that small business tenants in shopping centres in Pretoria, South Africa receive from their landlords. This study was the first of its kind in South Africa. There are several instruments available to measure perceived service quality, but none of them had been used previously in determining the unique relationship between small business tenants in shopping centres and their landlords. The major contribution of the study is a validation of the SERVPERF dimensions in a landlord-small business tenant relationship. This study proves that these five dimensions of SERVPERF and the one dimension of FAIRSERV cannot be applied directly to the landlord-small business tenant relationship in shopping centres and will need to be adjusted and adapted to add more service quality dimensions, especially on the tangible items.

Further contributions to the science are as follows:

- The latest theory on perceived service quality and small business tenants in shopping centres has been organised, captured and documented. This can assist in the increase

of the body of knowledge on service quality and the relationship between landlords and small business tenants in shopping centres.

- No research has been done on the perceived service quality that small business tenants in shopping centres receive from their landlords. The results of this study can be used by landlords in an effort to improve their service quality as well as their image to small business tenants.
- The findings can assist small businesses to assess a specific shopping centre's landlord before deciding to lease from that landlord. A more informed decision can therefore be taken.

## 7.5 LIMITATIONS OF THE STUDY

This study is only a starting point for the measuring of service quality in a landlord-small business tenant relationship in shopping centres. It is thus not suggested that the concepts, findings, conclusions and recommendations as discussed in the study are definitive. It should be kept in mind that this research study could be incomplete and may have deficiencies. Given the exploratory nature of the research, the reader should be aware of the following limitations of the study, namely:

- The sample frame that was used in the study was from shopping centres in one city only, namely Pretoria, South Africa. It is thus important to be aware that any references made in this study regarding any part of the universe should not be read to be representing the population, but rather seen in context of the sample frame that was used.
- This research study is confined to the landlords' provisioning of service quality to small business tenants in shopping centres. It may not be possible to generalise into other industries, though with continued research similar constructs could materialise. Parasuraman, *et al.* (1988:23) emphasised this when considering the SERVQUAL model, as there are idiosyncrasies in every industry and not all dimensions of the model may be relevant in all industries.

- Although the researcher might have assured the participants of the anonymity of their responses, participants might still have been cautious in the amount of information that they have divulged. Small business tenants especially, might not have shared information freely because they might have felt that their responses could have been held against them by landlords.

## **7.6 RECOMMENDATIONS FOR FURTHER RESEARCH**

Collecting data on the perceived service quality that small business tenants in shopping centres receive from their landlords has a very clear importance and further research in service quality in this relationship is still required. It is clear that the landlord-small business tenant relationship in shopping centres is a unique one. This is not a normal “business-customer” relationship as the small business tenants and the landlord are interdependent. They need one another for their survival. This study has contributed results and research approaches that could stimulate further research on this important issue.

The following opportunities for further research were identified during the course of this research study, namely:

- A study to determine specific service quality dimensions that would be pertinent for a landlord-small business tenant relationship in shopping centres.
- A study to develop a specific model for measuring perceived service quality that small business tenants in shopping centres receive from landlords.
- A comparative study between small business tenants and bigger anchor tenants in shopping centres with regard to the perceived service quality they receive from their landlords.
- A comparative study between the perceived service quality that small business tenants in shopping centres in other cities and other provinces of South Africa receive from their landlords.



## 7.7 CONCLUSION

The literature review of this study introduced various important elements within the field of perceived service quality and, specifically in the context of service quality measurement models. The literature review also introduced shopping centres as important business locations for small businesses and the unique relationship between them and the landlords. During this chapter the major aspects of service quality and small businesses in shopping centres were highlighted and the objectives that showed that the objectives of the study were met were revisited. Furthermore, the research questions and hypotheses were revisited, summarised and indicated whether they were rejected or accepted.

The findings from the empirical part of this study have helped to highlight the important aspects of service quality that is considered as important by small business tenants as well as their level of satisfaction with these aspects. This study has shown that small business tenants in shopping centres are in general not satisfied with the perceived service quality that they received from landlords. This study has further shown that the combined SERVPERF and FAIRSERV models of service quality, in its original form, are not suitable to measure the perceived service quality that small business tenants in shopping centres have received from their landlords. An important finding is the fact that only two distinct dimensions of perceived service quality were found to be pertinent in this relationship. The study has shown that small business tenants in shopping centres are concerned about the intangible, softer issues, and the marketing and tangibles issues of service quality received from the landlords. Small business tenants in shopping centres basically want to be treated with respect and courtesy by the landlord and, they want the landlord to assure them of continued and sufficient foot traffic to the centre as well as to their stores.

Hopefully the findings of the study will serve as a motivation and a guideline for landlords of shopping centres to assess their quality of service that they provide to their small business tenants and that they will get insight in the aspects of service quality that is most important for small business tenants.

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**APPENDIX A**  
**- Informed consent form -**





## Introduction and Informed Consent for participation in an academic research study

### Dept. of Business Management

### SERVICE QUALITY IN A LANDLORD-SMALL BUSINESS RELATIONSHIP IN SHOPPING CENTRES

Research conducted by:

Ms. C.P.J. Harmse (28578602)

[gerritharmse@telkomsa.net](mailto:gerritharmse@telkomsa.net)

Tel: +27 83 262 3249

Dear Respondent

You are invited to participate in an academic research study conducted by Cornelia Petronella Johanna Harmse, a Doctoral student from the Department Business Management at the University of Pretoria.

The purpose of the study is to investigate whether small businesses in shopping centres are satisfied with the service quality they receive from landlords and to determine whether an existing model can be used as a valid measure of service quality in this landlord- small business relationship in shopping centres.

Please note the following:

- This study involves an anonymous survey. Your name will not appear on the questionnaire and the answers you give will be treated as strictly confidential. You cannot be identified in person based on the answers you give.
- Your participation in this study is very important to us. You may, however, choose not to participate and you may also stop participating at any time without any negative consequences.
- Please answer the questions in the attached questionnaire as completely and honestly as possible. This should not take more than **15 minutes** of your time.
- The results of the study will be used for academic purposes only and may be published in an academic journal. We will provide you with a summary of our findings on request.
- Please contact my supervisor, Prof. G.H. Nieman, tel. +27 83 282 7456, [ghnieman@up.ac.za](mailto:ghnieman@up.ac.za), if you have any questions or comments regarding the study.

Please sign the form to indicate that:

- You have read and understand the information provided above.
- You give your consent to participate in the study on a voluntary basis.

---

**Respondent's signature**

---

**Date**



**APPENDIX B**  
**- Data collection instrument -**

## QUESTIONNAIRE

### SECTION A

Please mark with an "X"

1. position in the business?

V2

What is your

V1

--	--	--

Owner	
Manager	
Owner & Manager	
Other (please specify) .....	

2. business do you have?

V3

What type of

3. total full-time employees (including yourself).

V4

Number of

1 – 4	
5 – 9	
10 – 14	
15 – 19	
20 or more	

4. Total annual turnover.

V5

Less than R150 000	
R150 001 – R500 000	
R500 001 – R1 000 000	
R1 000 001 – R2 000 000	
R2 000 001 – R5 000 000	



R5 000 001 – R10 000 000	
R10 000 001 or more	

5. Since when are you a tenant at this centre?

Month ..... Year.....

V6

6. Since when do you have this business?

Month ..... Year.....

V7

7. educational qualification?

What is your

V8

Standard 8 or less	
Matric certificate	
Diploma/degree	
B-Tech/Hons degree	
Masters	
Doctoral	
Other (please specify)	

## SECTION B

8. Please respond to each statement by marking with an “X” the column of the appropriate response on the 5 point scale where:

**1 is “strongly disagree”**

**2 is “disagree”**

**3 is “neutral”**

**4 is “agree”**

**5 is “strongly agree”**

Aspect of the service	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	<i>For office use only</i>	
	1	2	3	4	5		
1. When promised to do something by a certain time, management will do so						V9	
2. Behaviour of management instils confidence in you						V10	
3. Management gives you individual attention and is interested in your opinion						V11	
4. Centre and facilities are neat and clean						V12	
5. A service is provided at the time management promises to do so						V13	
6. In general, small tenants are treated the same as bigger tenants						V14	
7. When experiencing a problem, management shows sincere interest in solving it						V15	
8. Management shows interest in communicating with you						V16	
9. The décor and facilities of the centre are visually appealing						V17	
10. You are informed when services will be performed						V18	
11. You feel safe in your transactions with management						V19	
12. Terms and conditions of lease are equally fair for both small tenants and bigger tenants						V20	
13. Management is never too busy to respond to your requests						V21	
14. Management performs the service right the first time						V22	
15. You have the opportunity to fair negotiations with regard to the leasing contract						V23	
16. Management is consistently courteous to you						V24	



Aspect of the service	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	For office use only	
	1	2	3	4	5		
17. You are satisfied with the air conditioning						V25	
18. You receive prompt service (eg. reaction to maintenance complaints)						V26	
19. Management understands your specific needs						V27	
20. There is sufficient parking at the centre						V28	
21. Management insists on error-free leasing statements and other records						V29	
22. Management is always willing to help						V30	
23. Management has the knowledge to answer your questions						V31	
24. Routine maintenance and repairs are done regularly						V32	
25. Website of the centre are visually appealing						V33	
26. Your rental fee is realistic in comparison with that of bigger tenants						V34	
27. Shopping hours are realistic						V35	
28. You are satisfied with the visibility of security in the centre						V36	
29. You are satisfied with the response time of security						V37	
30. You perceive the promotions done at the centre to include the small tenants and the bigger tenants equally						V38	
31. Written material of the centre are visually appealing						V39	
32. Shopping hours are convenient						V40	
33. You are satisfied with the marketing of the centre						V41	
34. You are satisfied with the number of daily visitors to the centre						V42	
35. The marketing fund of the centre is applied and managed effectively						V43	
36. The parking fees are realistic						V44	
37. You get value for your leasing fee						V45	



2. Comment on the reason(s) why you have selected this particular shopping centre to lease a premises for your business.

- (1) .....
- .....
- (2) .....
- .....
- (3) .....
- .....

V46

V47

V48

3. What are the most positive features (if any) of your landlord's service to you? Please list in sequence of importance.

- (1) .....
- .....
- (2) .....
- .....
- (3) .....
- .....

V49

V50

V51

4. What are the most negative features (if any) of your landlord's service to you? Please list in sequence of importance

- (1) .....
- .....
- (2) .....
- .....
- (3) .....
- .....

V52

V53

V54



12 What is your general perception of the overall service quality you receive from the shopping centre management?

- (1) .....
- .....
- (2) .....
- .....
- (3) .....
- .....

V55

V56

V57

13 What is the main reason why you stay in this shopping centre?

- (1) .....
- .....
- (2) .....
- .....
- (3) .....
- .....

V58

V59

V60

V61

V62

**THANK YOU FOR YOUR TIME!**







## **APPENDIX C**

**- Comments from small business tenants -**

## **Comments from small business tenants in shopping centres on perceived service quality from landlords (457 respondents from 27 shopping centres)**

### **MENLYN SHOPPING CENTRE Owned and managed by Old Mutual (86 respondents)**

#### **1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- High feet count.
- Regional shopping centre.
- Very busy centre.
- As a store manager, what I will say is that our stores are only in up-market places.
- Centre is established for many years.
- Well-known centre.
- Size of centre.
- Location.
- A lot of marketing is done
- Good area
- Big centre but no service.
- Biggest in Pretoria.
- Outstanding development.
- There's not many shops that sells what we have.
- Upmarket people with money shop here.
- The only shop in the centre that sells our merchandise. .
- Lot of development the past years.
- Only black empowered salon in Menlyn.
- The business I wanted was in this mall.
- Menlyn is perceived as the best mall till you actually become a tenant and see the other side of the coin.
- It is good to have a business in good name address.
- Spacious centre
- Upmarket and modern.
- A lot of banks in the centre.
- At the time, my shop was the only shop selling my product.
- It is rated one of South Africa's biggest shopping malls which means good business opportunity.
- A lot of shops and activities.
- Bought shop from previous owner.
- Area needed my kind of shop.
- Biggest shopping centre in Pretoria, well established, with high foot traffic and diverse customer base.

**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Security is good/helpful.
- Maintenance is fast and efficient.
- The side-walk sale that they have and that it is for free.
- Maintenance – they come to the store to collect the boxes and refuse.
- Visuals, marketing and bringing customers to the centre.
- Always having attractions – extra events.
- Accommodating our terms – staying open later, or closing early if necessary.
- Neat centre.
- None.
- Well developed.
- Neat and clean.
- Good security.
- Helpful car guards.
- They have a very good way of talking to people.
- Signage inside.
- Extra events.
- When promotions are done, we are always willing to work with them, so we have a good relationship with marketing.
- Willingness to help.
- A lot of other attractions.
- Visually appealing.
- Variety of shops.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Parking is a problem (even tenant parking).
- Maintenance.
- Look and feel of centre is not appealing.
- They are not helpful, friendly or polite, for example: complaint about how dirty and unhygienic the bathrooms are and management becomes very rude.
- Parking fees are too high for tenants.
- Need more signage boards.
- The dirty toilets and I feel it is not up to standard.
- Response time to problems.
- Sometimes management passes the problem on and then never gets solved.
- The management never comes here.
- Have to sort out everything ourselves.
- Not enough communication.
- Management is selfish.
- Lack of interest from management.
- Management's lack of involvement.
- Waste becomes a problem.
- Air conditioner.
- Lack of commitment from management.

- Service to shop owners when there is problems.
- The signage for parking outside.
- Management never wants to discuss problems with tenants.
- There are too many people in management but no one wants to take responsibility for any decisions that have to be taken.
- They focus on foot count and not on the amount that people are actually spending in the shops.
- Too many people in management that is insufficient.
- Maintenance is not done as it is stipulated in lease.
- **Does not consider the smaller tenants.**
- Management's rudeness and lack of interest.
- Extremely high leasing fees.
- Extensive working hours.
- Management in general.
- Blocked drains.
- Leaking roofs.
- Affordability of marketing opportunities for smaller stores on premises.
- Waste management and air conditioning management are not always up to standard.
- Not attending to complaints when its given.
- Regarding the trading hours – some tenants think it is ridiculous and inconsiderate.
- Lifts and escalators that never work.
- Hours over Christmas to work.
- Fines if the store is closed, for instance for training or when the store closes early for a work function.
- **Don't take smaller retailers seriously and only focus on anchors.**
- Security.
- Management doesn't communicate unless they want money.
- Hours are terrible and if you don't comply, you pay penalties.
- Toilets need a fix up and urgently!
- Management that can't communicate "ê-ê hold on – ê-ê!!"
- Management is terrible!
- Management doesn't know what is going on themselves.
- Hours are ridiculous.
- No-care attitude.
- Lifts and escalators that is a lot out of order for too long.

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- Sometimes good, sometimes bad.
- Not very happy with attitude of centre manager.
- It feels like you owe them something, while it is the other way round.
- Very poor and unpleasant.
- Good.
- OK.
- Efficient, but not always quick enough.
- Marketing and visuals very well done.
- Poor.

- Average.
- Not the standard I would like.
- Neutral.
- 5 out of 10.
- Lack of interest.
- Efficient.
- If something is not stipulated in the lease, you have no foot to stand on.
- No comment.
- Average – much room for improvement.
- Talk – very little true action (eg. air conditioner and bathrooms).
- OK, nothing out of the ordinary.
- They could improve on being stricter where hygiene is concerned.
- 7 out of 10.
- Overall service is good – however, the relationship with the landlord is often one-sided.
- Bad.
- Service is not up to date and no one knows whose job is who's.
- New generation manager can't talk or communicate properly.
- 4 out of 10.
- Not good at all – I think they all need courses in management and communication.

**5. What is the main reason why you stay in this shopping centre?**

- Feet count.
- Good turnover.
- Good area.
- Regular customers and word of mouth, clients know where we are.
- Good business.
- Well established.
- Location.
- It is well situated.
- Well known centre.
- Very busy centre.
- Not renewing contract – are moving out.
- Too expensive to move.
- Big and busy centre.
- Business is known in this centre.
- Bound by my contract.
- Many people prefer to do their shopping here.
- Everybody gets along with everybody.
- High income group shops here.
- Best in Pretoria.
- Location to the N1 and easy access for clients from out of town.
- It's a landmark in Pretoria.
- Loyal and new customers.
- Too expensive to move.
- Invested a lot of money in the shop.

**KOLONNADE SHOPPING CENTRE**  
**Owned and managed by SASOL Pension Fund and Growthpoint Properties Limited**  
**(23 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- It was the first major shopping centre in the northern part of Pretoria with a high foot count.
- There was a need for a comfort/health shoe store.
- The rent was reasonable.
- Close to home.
- Bought shop from my brother.
- Good area.
- Bigger centre.
- It's a well-known regional centre with a consistently growing customer base.
- Management kept time and their promises.
- The behaviour that the management has towards their tenants is on point.
- The surrounding areas were desperately in need of a big centre.
- Becoming a tenant was a very wanted position with promising opportunities.
- To increase business – more feet here than at our previous shopping centre.
- It is a popular centre – the feet count is good.
- The hours are reasonable.
- All the shops are conveniently situated.
- A lot of development in the area.
- Ideal location north of the Magalies range.
- Close to all amenities.
- Has great entertainment for kids and adults alike.
- It's a big mall and has lots of customers.
- I live in area and kids go to school close-by.
- Centre was big awaited.
- Near my house.
- Know people in the area.
- Had a previous shop in the area.
- One of major shopping centres in Pretoria.
- Rent reasonable compared to “big” centres.

**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Reliable, well-informed advice as well as sponsoring of the services of a retail specialist last year.
- Good communication – always available.
- Marketing team positive.
- Security excellent.
- No comment.
- They are always willing to listen and assist.
- They are actively involved with the centre.
- The centre is clean and regularly maintained.
- The décor is visually appealing.

- Promotions done at the centre involves both small and bigger tenants.
- Rental statements are always on time.
- Centre is kept clean, including bathroom facilities.
- Help and support for disabled customers are always sufficient.
- None.
- Advertising.
- Security.
- Clean centre.
- Easy to get hold of.
- Easy to communicate with (not always positive feedback).
- Friendly.
- Supports our shops equally.
- Effective marketing correspondence.
- Shops are given equal opportunity to advertise in shopping centre.
- Safe environment (security)
- No taxi rank.
- They don't ask too many questions, you barely see them.
- Encourage you to perform.
- Help you to promote your shop.
- Marketing is good, but repetitive – nothing new.
- Professional management group.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- No possibility of negotiating little lower rent in difficult economic times. Turnover has not doubled like rent has increased. Competitors in mall compete for same customers.
- Maintenance not always done fast enough: weeks of loss of turnover due to escalator out of order.
- Not enough lifts in centre; our customers are older and need lifts and escalators.
- Not willing to help.
- Shopping hours not convenient enough for people using public transport.
- Marketing and advertising is really poor and barely noticeable.
- Complaints concerning the malfunctioning air conditioner and escalators are not met with any urgency.
- After 5 'o clock there is no one present of centre management if any crisis comes up.
- The rent is too high in relating to the feet count.
- **Shopping hours. They only cater for big anchors. The anchors are the only ones benefit from extended shopping hours.**
- Air conditioning not working well, particularly during December.
- **Small tenants do not have the same privileges as anchor tenants.**
- **Small tenants are seen as easily replaceable.**
- **Marketing not done for small tenants.**
- **Insufficient loading areas for smaller tenants.**
- Loading areas are not always neat and tidy.
- They do the bigger tenants' problems first before they go to the smaller ones.
- Centre closes early. Should be open till 19h00.
- Needs Gautrain bus services.



- Needs more security.
- Needs more variety of stores. (greater mix of stores).
- Needs more billboards on major roads and freeways.
- Needs more police presence.
- Marketing – we do not know if they do enough to get customers to visit the centre. It is almost mid December and there is no attraction to get people in the centre. That is so bad.
- Escalators constantly not working.
- Centre décor is really out-dated.
- **Do not support small enterprises.**
- None.

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- Very professional centre manager and also most of the staff.
- Reliable and helpful.
- Technical staff good, but need to address the many problems with escalators as the connection between top and bottom floor not good. Air conditioner also not very efficient – sometimes too cold, sometimes very hot.
- Not good.
- Poor.
- The centre management really wants the best for both customer and tenant.
- They are always willing to assist and listen.
- **The service quality is good for both small and big tenants.**
- This centre is so successful but is not living up to its potential.
- Wish they could apply the marketing fund and start to aggressively campaign. If that is the case, I believe we can double our turn-over easily.
- In-between.
- Acceptable.
- Good.
- Medium to good.
- Excellent.
- Professional/competent.
- They involve all tenants – open door policy.
- Bad – the centre manager is ok but the marketing component is a problem.
- They are not developing this centre to full potential.
- The managers are too young and lack experience.
- They must communicate with tenants by coming to the shops regularly.
- They do what they need to.
- Overall good service. Does everything better than normal.

**5. What is the main reason why you stay in this shopping centre?**

- Well established business – more than 10 years old.
- Revamped our shop recently and changed name with new fresher image; lifted shop front.
- Still good shopping centre compared to other in vicinity.
- Foot count is good.
- Not staying.
- The consistent customer base.

- Doing good business.
- The décor is also very appealing.
- We are treated fair and with respect and good communication between ourselves and the centre management.
- Business has a majority of regular clients returning every six weeks for a repeat service and we mostly serve residents from the surrounding areas.
- Moving would negatively influence our turnover.
- My customers know me.
- Because of more feet that equals more turnover.
- Convenient shopping hours.
- Because, even though there is a loss in feet lately, it is still reasonably busy.
- Well-known – easy to sell merchandise as shopping centre is well advertised.
- Warm, friendly environment.
- Family orientated.
- Convenient for the North.
- It has a good reputation and a lot of people enjoy coming here.
- There is lots of big brand shops.
- It is suppose to be the most popular centre this side of the mountain and hopefully somebody will wake up.
- If things stay like it is, we will definitely not stay, but we want to stay in the centre.
- Still bound by lease.
- Not big competition in area. Good tenant selection.
- Convenient for people to get here.
- Very good security.

**BROOKLYN MALL**  
**Owned and managed by Growthpoint Properties Limited**  
**(31 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- Up-market clients.
- Our exact target market is visible in this particular shopping centre.
- The shopping centre is smaller and more personal compared to others.
- Good/prime location.
- Bigger opportunities for growth were presented.
- The clients know what they want – they are a higher quality clientele.
- The A-B segment of the market.
- Good location, close to highways, good business component in immediate area.
- Close to embassies and government departments.
- Because it's a mall and people prefer to go to a place where they can do all their shopping and account payments at the same place.
- It was a good shopping centre. The best at that time and classy.
- Easily accessible for clients.
- No shop like ours in the mall. Clients want our service.
- It is the closest prominent centre to owner's house and factory.
- High standard of living (clients).

- Centrally located, upmarket.
- Was tapping into a niche market.
- This shopping centre attracts the type of customers we want.
- The appeal of the centre and area.
- It suits the products we sell in the Brooklyn area.
- We have always loved Brooklyn mall, even if centre is busy, customers feel ok.
- Right market for our product.
- More customers with more time to shop.
- The shop was available to buy.
- Centre is of world standard for all the foreign clients/visitors.
- Hygiene and general neatness of centre is above average.
- The hours the centre is open appealed to me.
- Good area in terms of income.
- Mall has a good history.

**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Promotion of the mall and its tenants are good.
- Keeps the mall in pristine condition and updated.
- Listening to what the client wants and improving to better services for the client.
- None.
- Rental statements always on time.
- Security is good.
- They are helpful.
- Not a good time for us to say anything good.
- They are friendly.
- Parking.
- Positive feedback.
- Security is excellent.
- Additional space at much lower cost due to renovations – assists us in difficult times.
- Always do what you ask.
- Advertise when the shop has sales.
- Centre is clean, tidy and safe.
- They listen when you have a problem.
- You get regular feedback of meetings.
- They show an interest in my business.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- **Management does not consider small tenants as important.**
- **Management does not always take the smaller tenants' opinions into consideration.**
- Promises made to help are not always kept and sometimes completely forgotten.
- Service delivery is not the strongest point of management.
- Service concerning parking for tenants could be a lot better.
- After 23 years you are still treated as a "tenant". The landlord is above seeing investing in his tenants.

- I am a “client” of the Mall but management don’t treat you like a “customer” should be treated.
- Landlord has created the impression that tenants do not have “rights”.
- Their marketing strategy to promote their centre is bad.
- No feedback regarding problems.
- Air conditioning complaints not sorted out after numerous phone calls and confrontations with management.
- Slow service.
- I think they could make more effort with the marketing.
- Sometimes takes long to get back to you on enquiries.
- Slow maintenance systems.
- They made us move although they knew that the mall was going to change.
- We spend all the money and now... have to move again.
- They do not make marketing space other than the store for the shops.
- Slow reaction to requests.
- No communication in terms of building a relationship with us as the tenants.
- Incompetent!
- Centre maintenance.
- Their lack of ability to respond to our needs as a business.
- We are forever waiting to get response, answers and clearance on important issues.
- It really feels like they do not really care for us as a business – if we make it or not.
- Rents are too high.
- Not willing to negotiate.
- Favouritism.
- Do not take an interest in the tenants at all.
- Parking.
- Not taking complaints seriously.
- **Treating the smaller stores unfairly.**
- Air conditioners never work.
- Unfair hours on public holidays.
- Marketing department’s failure to respond or give feedback to enquiries.
- The bathroom/toilets can be better maintained and cleaned.
- Inconvenient shopping hours (especially in December).
- No personal contact with tenants.
- No ear for problems with regard to feet count and turnover.
- Leasing fee is totally too high.
- Ought to give us more choices with shopping hours, especially on Sundays and public holidays (we must be open but do practically no business on Sundays).
- Not enough support.
- Nothing that I can comment about.
- They are not approachable at all.
- They have an inflexible attitude and make you understand that you are nothing.
- **They let you understand that people are waiting for your spot. If you are not satisfied with the conditions – leave.**
- Money spent on extending the mall instead of upgrading what exists.
- They do not always respond promptly.
- You pay for air conditioning over and above the electricity and then you have to clean it as well.
- No flexibility in terms of rental payable during current economic situation.

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- Not good.
- The overall service quality does not focus on the tenants.
- They try to help but don't really go out of their way to provide excellent service.
- They need to get involved more.
- For me being a new manager here, no information was given for new managers.
- Landlords have an arrogance about their tenants.
- It's all about the money.
- Fair.
- Neutral.
- Quality is fairly good, here and there complaints but not big ones.
- They are a good centre management that looks at our basic needs.
- In general, relatively good.
- Negative.
- Impersonal.
- One-sided.
- In certain areas it is very good, but in other areas not so good.
- If we do not get response about our lease contract and proposal to move shop soon, we will move to another centre.
- The management is only interested to get your rent and is not interested in keeping tenant mix right, etc.
- They work according to targets without considering economic climate, recession, etc.
- Bad.
- Positive and helpful.
- Not very pleasant.
- It's normal, nothing special.
- Very good and have empathy, except when it comes to the rent and shopping hours.
- Lack of interest.
- They have an attitude of "take it or leave it".
- You are not important enough.
- More interaction necessary on a personal level between shop owners and management.
- Not at all too bad and better than where I have been previously.

**5. What is the main reason why you stay in this shopping centre?**

- Established client base.
- Good location.
- Centre attracts enough feet.
- We have a big client base situated in this area and everyone knows where we are.
- Clients prefer to come to our store here rather than to drive to the other side of Pretoria.
- Built a good customer base.
- Invested in good quality store; too costly to move.
- Would consider Menlyn, but their hours are too long.
- My business is doing well since I'm here.
- Can't afford to move.
- Good, established shop.

- Easily accessible to us as well as our clients.
- The working hours are not too late.
- The type of customers we are serving visits this centre.
- Feet count is good.
- Regular customers like embassies.
- The customer you attract in this area is loyal and wealthy.
- Future growth.
- All the centres are the same and the landlord has too much power.
- Good area.
- This is the flagship store as it is the first one open and has been here for 3 years.
- Well-known with regular customers.
- Safe centre and not too full with people.
- Bound by leasing contract.
- Paid a huge amount for shop.
- Clients are in the direct vicinity – 60 % foreign clients that prefer our unique products.
- Because the environment is nice and the customers are very friendly.
- I have no other option.
- Client profile fits my product offering.
- I like the centre and enjoy the atmosphere.
- The shopping hours are reasonable.
- Do not think I will be better off in another centre.

**BROOKLYN DESIGN SQUARE**  
**Owned and managed by Growthpoint Properties Limited**  
**(8 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- 14 years ago it was appealing and there were lots of feet.
- We were approached by the landlord to open a shop here.
- The verbal promises and arrangements were very advantageous (initially).
- Good position
- Reasonable rent when we started.
- Appealing environment and atmosphere.
- Good area – lots of embassies.
- It's "vibey" and a good area for business.
- It's visible and well known.
- It' echo and environmentally friendly and helps to set a standard of service.
- There is no other shop with same or similar items in the area.
- The vibe of all the décor and design shops.
- Location – central to most of my customers.
- Popular, established and has many feet (up-market).
- My brand suits the market I target.

**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- None.
- Manager can be approached directly and she listens.
- They keep outside area well cleaned.
- Good security and visible to public as well.
- Undercover parking – especially in summer.
- Appealing décor.
- Branding is spot on.
- People in office are good, efficient and helpful.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- No anchor tenant.
- No marketing.
- Communication.
- Management is effective only when they are the disadvantage party.
- Lower levels of management personnel lack depth of ability to understand a problem.
- Marketing has no ability to understand unique requirements of the environment and to develop and implement an appropriate approach.
- They over-charge on parking.
- Lifts are always broken and are a safety hazard.
- Their response to complaints is lacking and they lack customer/client skills.
- None.
- Things don't always get done properly the first time.
- Security does not clamp down on rules like no smoking!
- Air conditioning is a nightmare.

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- Average service.
- Mostly negative.
- I exist to pay rent.
- You can work with them.
- Response to a problem normally good.
- Cleaning is excellent.
- Maintenance is slow.
- Very, very good.
- Good – great advertising team.
- Get service for what you pay.
- Parking and other services are great.

**5. What is the main reason why you stay in this shopping centre?**

- No reason – only the leasing contract keeps us here.
- For the sake of the clients.

- Still bound by the leasing contract.
- I plan on leaving and settling in a neighbourhood complex.
- Location.
- We've been here for years.
- Regulars are used to the setting and vibe.
- Had to built up the business and moving will break the vibe.
- Target market.
- Good business (traffic).

**MONTANA CROSSINGS**  
**Owned and managed by Old Mutual**  
**(9 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- When I bought the business, it was a busy centre.
- Well-known centre.
- It was the only available place at the time that was affordable.
- This was the only pet and pet food shop in the area.
- Got a big shop at a good price.
- Good location.
- Centrally located.
- First retailer of plastics in northern suburbs.
- Was a new centre with a lot of potential.
- Agreed rent was and still is very attractive.
- Business was already here for 10 years.

**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- None.
- Nothing.
- None that I can think of.
- Management has no positive features.
- They are non-existent.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- They don't keep their promises.
- Management in general.
- Security.
- Toilets always dirty and broken.
- No marketing.
- Having problems to get hold of management.
- Have to pay for maintenance.
- Management never available.



- No management.
- No promotions.
- Not happy with security (never here).
- You can never reach them!!!
- No manager on site.
- Don't know who to speak to.
- No management on premises and no office or staff – only maintenance.
- No communication.
- The only way to get repairs done is to withhold rent.

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- They only work on their budgets and do not worry about the small business person.
- Poor.
- No service at all.
- Bad, bad, bad!!!
- Awful.
- Disappointing to say the least.
- Not good.
- Non-existent.

**5. What is the main reason why you stay in this shopping centre?**

- Business is settled and people know where we are.
- Bound by leasing contract.
- Good clients.
- Looking for another premises to move to.
- Business is well known in the area.
- Too expensive to move.
- Settled.
- It is not sound business management to move around from one shopping centre to the next. We signed a 5-year lease agreement.
- Been here for almost 10 years and built up good client bases.
- Rent is very attractive.
- Good position.
- Been here for 13 years – this is our known location.
- Fair rental.

**JAKARANDA SHOPPING CENTRE**

**Owned by Government Pension Fund and managed by Public Investment Corporation  
(7 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- Good spot in centre to trade.
- Was misled by management in regards to rent prices.

- Near to my residence.
- Located centrally.
- Generally neat and tidy.
- Have a good customer base.
- No other similar business in this area.
- Originally there was a good tenant mix.
- The shop was available when I left my job.
- The lease was at that point very reasonable.
- Safe and convenient for customers.
- Area is not too much congested.
- The centre is very quiet and convenient for customers to shop.

**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- None.
- Centre kept in a good condition.
- Good open door policy.
- Manager does give attention to complaints. Due to the landlord, not always with positive results.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Centre unhygienic and smells of urine. Cockroaches everywhere.
- Parking design is horrendous.
- Service delivery is pathetic as lifts/escalators are seldom working. The fountain in front hasn't been working in 2 years.
- Too many to say.
- Management is completely incompetent and unwilling to rectify all complaints by the tenants as well as the customers, eg. 2011 escalator was not working for 7 months.
- No advertising to attract customers back to centre.
- Security staff is not followed up and are left to their own accord and not always on site.
- Ridiculous rentals – after all, we are experiencing a recession.
- Unwillingness to negotiate.
- Landlord has no interest to improve and they turn a deaf ear to complaints.
- Already waiting since November 2010 for renewal of contract. Talk, but nothing is happening.
- The allocation of outside contractors to read electricity meters makes electricity very expensive.

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- Certainly NOT up to standard.
- BAD.
- Incompetent.
- Willing to listen and help.
- Deals with problems on time.

- Our biggest problem is not with centre management, but with the landlord's office which does not have a clue what is happening in the centre.
- Can improve a lot.

**5. What is the main reason why you stay in this shopping centre?**

- It is a prime spot which is centrally located.
- We have a prime shop spot in the centre.
- Too expensive to relocate.
- Not staying – moving out to other premises soon.
- Good client base.
- Central location.
- Centre is strategically located.
- Have build up a good customer base over a number of years.
- Got nowhere else to go without major expenses.
- The only reason is because of the leasing contract.

**ZAMBEZI JUNCTION**  
**Owned and managed by Sinovich**  
**(16 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- Settled development.
- Very busy centre.
- Next to a busy road.
- Situated in a busy area.
- Neat centre.
- Big signs that indicate shops in centre.
- Good area.
- Was given good space.
- Good community.
- Was the only shop of its kind at the time.
- Spacious, busy centre.
- Nice building.

**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Good parking.
- The big bill boards.
- Very neat centre.
- Good security.
- Big signs, lots of marketing.
- Big signage.
- No empty shops.
- No hawkers.



**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Not enough toilet paper in bathrooms.
- Lot of hawkers.
- Stinking toilets.
- Security.
- More security at night needed.
- Have to wait a long time for answers.
- Not enough marketing and promotions.
- Management in general.
- Lack of communication.
- Papers sometimes lying around.

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- Good.
- OK.
- Neutral.

**5. What is the main reason why you stay in this shopping centre?**

- Busy centre – lots of feet.
- Clean centre.
- Well-known centre.
- Good area.
- Accessible centre.
- Big names around us.
- Business located well next to busy road.
- Enough parking.
- Established.
- Business is settled.
- Business is doing good.

**WATERGLEN SHOPPING CENTRE**  
**Owned by Sharemax and managed by Centroprop**  
**(15 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- Cheaper rent.
- Close to home.
- Very good location.
- Leasing fee affordable compared to other centres.
- Service oriented centre.
- Rent seemed reasonable.

- Grew up with the centre.
- We bought on existing business that's been established for several years.
- Because of the established shop across this shop.
- The fairly cheaper rent as opposed to smarter malls.
- Close proximity to Virgin Active Gym.
- Up-market clients nearby.
- **Waterglen was the only centre to accept my small business without securities or surety when I originally applied to become a tenant 14 years ago.**

**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Always there to listen to you.
- None.
- They support the shops in the centre (by buying from them).
- Cleaning has improved.
- This year I asked for a rent reduction. They were willing to negotiate and consider my situation. They did grant me a partial reduction in so much as to make life easier for me.
- Over the years, security and cleaning became better.
- Proper statements.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Not attending to the parking signs at entrance 3.
- Do not communicate.
- No maintenance due to any funds.
- No communication unless I initiate
- Useless promotional days are constantly organised instead of utilising money for better marketing.
- Marketing of empty shops – bad!
- No support.
- The centre is very old and requires upgrading (leaking roofs, visually unpleasing, etc.).
- Too many empty shops.
- In the past, they were less open to negotiation.
- The marketing events that are organised in short, SUCK! It is loud and unpleasant. I believe it has a negative rather than a positive effect.
- It seems as if they don't care.
- No feedback on queries.
- General lack of interest in tenants.
- **No attention to small business. Feels that small businesses make the centre, but are not treated accordingly.**
- Centre management has no personal contact with tenants.
- Problem-solving skills.
- Do not respond to e-mail or telephonic communication.
- The offices are on the premises... they might just as well be on the moon!
- Do not show any interest in their tenants.

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- Very good.
- Minimum.
- Communication can improve with regards to the future of the centre, marketing, etc.
- It is good. They are always willing to listen (also only since recently).
- They are not very effective or competent.
- Poor service and maintenance of mall.
- Very poor.
- Average – other shops in other centres have the same complaints.
- The management is probably doing their best within the parameters set by the landlord.

**5. What is the main reason why you stay in this shopping centre?**

- People know where I am. A trophy shop doesn't really need the feet.
- Cannot afford to move.
- Rates still reasonable.
- No communication unless I initiate.
- Have to repay debt.
- Good customers.
- Shopping hours are good.
- Signed lease.
- I first want to see if my shop shows a profit in this centre, which is cheaper than move to a more expensive venue.
- For the sake of clients I have made in this shopping centre.
- It is a mission to move, especially without any guarantee than my shop will do better elsewhere.
- More feet – mostly due to DSTV anchor next door.
- Not feasible for me to move (65 years old).

**MORELETA PLAZA**  
**Owned and managed by Redefine**  
**(8 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- Is based in Pretoria East.
- Rent is still affordable.
- It is on a busy street.
- Flexible business hours.
- Renovated,
- Free parking.
- Fair number of daily visitors.
- There is sufficient parking for guests and it's at no charge.
- Centre is easy to get in and out.
- Bought the business over.

- I entered the centre when it was poorly let. Centre management were very negotiable with the per square metre rent.

**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- It is convenient in terms of management, flexibility, fairness.
- Mall is always clean and continuous improvement is commendable too!
- Management is fairly accessible.
- Response to problems.
- I once left my door not properly locked and the security called to let me know – it was great.
- None.
- Very little centre management.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Marketing of the mall still needs more work.
- Don't answer calls.
- For a 10 square metre shop, electricity account is R700 per month.
- Certain businesses get help and some don't.
- Manager of centre does not respond quickly enough.
- No response to your call or complaint.
- Do not listen to complains. Do their own thing.

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- Overall service is average; there is still room for improvement.
- Not good enough.
- Fair.
- Poor.
- Generally the centre management is not sympathetic towards the tenants.

**5. What is the main reason why you stay in this shopping centre?**

- Rent is still affordable.
- Feet count is still adequate.
- Good location.
- In good neighbourhood.
- Free parking.
- Quick response of security.
- To be considered after the lease.
- After 10 years, people in the area know of us.
- Costs are better than Menlyn or Woodlands.
- Better shopping hours than Menlyn.
- Business is good – more than 20 years in centre.
- Feet count is good.

## **MONTANA VALUE CENTRE**

**Owned by Emira Property Fund and managed by Eris Property Group  
(6 respondents)**

- 1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**
  - Big shop at a good price.
  - Price was right at the time of lease.
  - Lots of vehicles drive by.
  - Only coffee shop in centre.
  
- 2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**
  - Front shop nearest to the road.
  - Clean centre.
  - Enough parking.
  -
  
- 3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**
  - Not enough marketing of centre.
  - Not enough promotions.
  - Lots of empty shops.
  - Security not good – needs more guards.
  
- 4. What is your general perception of the overall service quality you receive from the shopping centre management?**
  - Good.
  - Poor.
  - Quite good.
  - Sometimes good.
  
- 5. What is the main reason why you stay in this shopping centre?**
  - Good shop and we are settled.
  - Established here and doing good business.
  - Good location.
  - Leasing fees not too high.
  - Have been here for many years.
  - Big centre.
  - Lots of businesses where you have to wait and then you can eat and drink.



**WAVERLEY PLAZA**  
**Owned by Octodec Portfolio and managed by City Properties**  
**(14 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- Shop is in the walk-through and is visible.
- They asked me to move here.
- Business was available for sale.
- We stay in the same community.
- Near home – makes it easier to receive stock and to handle any emergency.
- Neat centre that will attract customers.
- Friendly and convenient. Access to centre is easy and centre is not too big.
- Close to home and schools.
- Near Pick-‘n-Pay.
- Location – central and accessible.
- Demographics – lots of disposable income.
- We understand and know the customer base very well.
- Safe area.
- Close to schools – prospective clients.
- Rent is reasonable.
- Business was already established with a client base.
- Saw a lot of potential in the business.
- This shop was vacant and I could no longer stay in the CBD.
- Centre management approached me to move this shop to the centre.
- There is more feet in this centre.
- The surroundings are more appealing.

**2. What are the most positive features (if any) of your centre management’s service to you? Please list in sequence of importance.**

- None.
- They are prompt in delivering service.
- Communication.
- Promptness – get any emergencies dealt with quickly.
- Friendly – always positive but also strict enough.
- Regular newsletters.
- Statements are correct every month.
- Willing to help.
- We don’t have to work on Sundays because we are still a small centre.
- The maintenance of the centre. Bathrooms, general surroundings.
- Security friendly and alert.
- Promotions are well organised.
- If there is a problem with maintenance, the assistance is very good.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- The promotional fees that each tenant has to pay and your shop is not being promoted, only the centre as a whole.
- The response time of security.
- Poor maintenance when required.
- Security ineffective.
- Cannot always get hold of management on the telephone.
- Would like management to be on site (in centre) at all times.
- Too little promotions.
- No fashion shows.
- Maintenance of buildings.
- Unwillingness to negotiate.
- No rental reduction for long time tenants.
- General inconsistency in treatment of tenants.
- Are not informed about any happenings.
- High rent.
- Boerewords rolls: the smoke of the braai entering the centre.

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- We have a centre manager that may not take any decisions by himself. He must always go to "higher" people, so what is the use of centre management?
- Maintenance good.
- Clean bathrooms.
- Not good.
- Average.
- Too many different managers and too few people to assist.
- Lack of quick response.
- Good service quality.
- Poor. There is none, no imagination at all!
- Some individual of management make the effort, but it is not the norm.
- Always willing to help.
- The maintenance of the bathrooms are very good.
- 

**5. What is the main reason why you stay in this shopping centre?**

- Business is doing very well.
- Neat environment – appealing.
- Safe centre and area.
- We will stay only until the lease contract expires.
- We have a long-term lease agreement.
- We built a regular customer base.
- Shopping centre is easy to access, especially for our older customers.
- Our business is known and we have regular clients.
- Relocate cost expensive.



- Have been here for 15 years.
- Brewers BBQ is a “landmark” in the Moot.
- Relocation will cost more than staying and paying.
- Rent is reasonable.
- Management will try and help where possible.
- Safe shopping centre.
- We have enough clients.
- There are more feet in a shopping centre than elsewhere.
- The atmosphere in the centre is pleasing.
- The variety of shops in the centre.

### **ZAMBEZI MALL**

**Owned by Sharemax and managed by Capicol  
(12 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- New development with lots of potential.
- No competition in close proximity.
- Situated in a good area.
- Good anchor tenant.
- Business was already established for 3 years when I bought from previous owner.
- Close to the highway.
- Practical.
- Thought it was a good investment.
- New centre in the Dinokeng tourist area.
- Was a good idea at the time.
- Space of the centre.
- Movies.

**2. What are the most positive features (if any) of your centre management’s service to you? Please list in sequence of importance.**

- More than adequate parking.
- Keeps the centre clean.
- Nice features.
- Not much.
- No positives so far.
- None.

**3. What are the most negative features (if any) of your centre management’s service to you? Please list in sequence of importance.**

- Too many empty shops.
- Not enough marketing.
- Turnover of management.

- The centre's management has changed 3 times in 3 years because of financial problems of the landlords.
- We can't complain about the services because the services are non-existing!!
- Security.
- Toilets.
- Management.
- 

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- Management is very distant – only concern about rent payments.
- All right.
- They don't stay long enough to actually rate them.
- No service.
- Service is poor, no quality!
- Not very helpful.
- Poor.
- Average.
- Bad.
- What management and service?

**5. What is the main reason why you stay in this shopping centre?**

- Established the business since 2007.
- So that everyone can get used to where I am.
- Can't afford to close down the business – invested too much already.
- Because we have a contract that is binding us.
- My regular customers know my location.
- Moving out.

**Silver Oaks Crossing**  
**Owned by CB Richard Ellis Network and managed by Broll**  
**(10 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- Big centre.
- Clean and neat.
- Bought business over.
- Leasing not too expensive.
- High income area.
- Next to a busy road.
- Beautiful centre.
- New centre at the time.
- Situated in a good area.

- Busy centre.
- 2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**
- Are in contact with owners.
  - Impressive centre.
  - The restaurants let a lot of people come through the centre.
  - Big signage.
  - None.
- 3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**
- Marketing
  - Security.
  - The top part of the centre is dead.
  - Needs more advertising.
  - Needs more car guards and better security.
  - Leasing fee is high.
  - Shop owners have to fix everything by themselves.
  - Fines to be paid if shop is not open during hours.
- 4. What is your general perception of the overall service quality you receive from the shopping centre management?**
- Good.
  - Very good.
  - Poor.
- 5. What is the main reason why you stay in this shopping centre?**
- Business is well-known here.
  - Business is settled.
  - Just moved to another location in the centre; so I will see what is going to happen to business.
  - Impressive centre.
  - A lot of possibilities.
  - Business is doing well.
  - Busy centre.

**WEST END LIFE STYLE CENTRE**  
**Owned by Photla Group and managed by Metroprop**  
**(10 respondents)**

- 1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**
- In the beginning it looked like a promising centre.

- It was a new centre with a lot of possibilities.
- New developed centre in a good area.
- Next to a busy road.
- Spacious centre.
- It is especially designed for businesses related to furniture needs.

**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Centre is clean.
- Clean and neat centre.
- Big signage.
- Modern centre.
- Big centre.
- None.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Not nearly enough marketing.
- Management.
- Where is management???
- Poor security.
- No marketing.
- No management!
- No proper security during night time.
- You never get hold of management.
- Very slow when it comes to respond to problems.
- A lack of interest in the needs of tenants.
- A lack of organisation on the promotion of the centre.
- No anchor tenant to draw feet.
- No visible signs in Zambezi Road to promote centre.
- Centre is dead! No feet!

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- Ok.
- Poor.
- Bad.
- There is no management.
- Very poor service quality.
- No comment.

**5. What is the main reason why you stay in this shopping centre?**

- Too expensive to relocate.
- Leasing contract.

- Business is growing with centre.
- Giving it time to see if feet will increase.
- Have spent a lot of money on the shop.
- Looking for better option to move to.

**WONDERPARK SHOPPING CENTRE**  
**Owned by Emira Property Fund and managed by Eris Property Group**  
**(8 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- Area has a lot of growth potential.
- Many people come to this shopping mall.
- It is situated in a growing market.
- The area consists of 80 % young black (35-) with large amounts of expendable cash.
- Direct competition is not threatening.
- Beside a busy road.
- The size of the premise is just right.
- Leasing fee is reasonable.

**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Pleasant parking areas with shades for tenants (shaded parking).
- Large number of parking spaces.
- Neat.
- Security.
- They always respond eagerly to our concerns.
- They are willing to negotiate on rent.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Rental statements late.
- Incorrect meter reading for electricity.
- General cleaning of centre and toilets no of best standards for regional centre.
- No sidewalks to centre for customers on rear and side of mall. Customers have to walk in the road.
- Old fashioned interior.
- No centre maps for store layouts/locations.
- They don't always have the required expertise to handle all issues.
- I feel that marketing of the centre is not handled well enough.

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- A lot of effort seems to be given to secure mall.

- It is very good.
- It's fine.
- Average.
- Good.

**5. What is the main reason why you stay in this shopping centre?**

- Area still has potential.
- Reasonable leasing fees.
- Our businesses are growing and doing well.
- Business is doing well and we are able to make a profit.

**GLEN VILLAGE NORTH/SOUTH**  
**Owned and managed by Greek Consortium**  
**(40 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- Because of all the development nearby.
- Up-market area.
- Centre is clean.
- Good area.
- We are the only shop of our kind in the area.
- Busy centre.
- A spacious premise was available.
- Lot of businesses around area.
- Centre is well-known in area.
- Next to a very busy road.
- Centre looks good from the road.
- Was a good investment because of the area.
- Lot of shops in the centre.
- Only Thai food restaurant.
- Up-market shops.
- A very nice centre.
- Stay in area.
- Centre with possibilities.
- Centre with a lot of young people.

**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Nothing.
- Clean and neat centre.
- Good security.
- None.
- Signage.
- Billboards.



- No hawkers.
- No comment.
- The parking.
- Clean toilets.
- Was not this expensive for lease earlier.
- The finishing touches.
- The bricks the building was build with.
- There is no service.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Management as a whole.
- We are treated like children.
- No effort from management's side.
- Penalties to be paid.
- Sign boards not good at all.
- No management.
- What service??
- Air conditioners please!
- Communication.
- Attitude of centre management.
- The fact that tenants are treated like kids.
- Correspondence.
- Maintenance.
- Having to do our own maintenance.
- The signing in and out at security.
- Don't want to listen to shop owners' problems.
- Manager is a very rude person.
- Needs upgrade on air conditioner.
- No in touch with shop owners.
- They don't want to upgrade the centre.
- Management think shop owners are children to let them pay for penalties.
- Sometimes the centre is dirty.
- Leasing fees.
- Management does not do what they promise.
- Management does nothing from their side for anything.
- No marketing.
- Management is up to shit!
- Management – there is none – only when you have to pay.
- No promotions.
- The broken signage.
- No proper management.
- Stingy and money hungry Greeks.
- Toilets.
- Lighting at night.
- Pay, pay for no service.



**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- Poor.
- Bad.
- Stinking attitude towards shop owners.
- Management does not worry about tenants, only about our money.
- Not very good.
- No comment.
- Little to no service.
- Ask nothing, expect nothing.
- Not much to say.
- Can be much better.
- Not good.
- Management treating owners like children.
- 0.
- Not good at all.
- Okay.
- There is no service.
- Very poor.
- Fail to deliver service.
- Management can't manage their own centre.

**5. What is the main reason why you stay in this shopping centre?**

- Still a lot of development around.
- I'm well established in the centre.
- No hawkers.
- Only shop of our service in centre.
- Busy centre.
- Business is well-known in area.
- In a good area.
- Looking for a new space.
- Variety of shops.
- Business is doing well.
- Love the people in the centre that do business.
- No competition in centre.
- Too expensive to move.
- Good security.

**WONDERBOOM JUNCTION**  
**Owned by Pivitol and managed by Abreal**  
**(4 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- Well situated.

**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Always willing to help.
- Always very friendly.
- Everything is always neat and tidy.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- I think they can do more to promote the centre to get more feet.
- They cannot always assist you or answer your questions.

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- Good.
- They can have more empathy with small businesses.

**5. What is the main reason why you stay in this shopping centre?**

- Busy centre.
- Our target market is here.
- We are already a well established business and will lose clients if we move.

**QUAGGA CENTRE**

**Owned by Emira Property Fund and managed by Eris Property Group  
(7 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- Feet count is good.
- Location is good.
- Biggest shopping centre in Pretoria West.
- There was not a pharmacy in the centre when I started.
- It is a short distance to travel from home.
- The location of the shop was perfect at that time.
- The shop was available during that period.
- We purchased a running business.
- Great diversity of customers.
- Management is flexible and are hosting events and promotions without discrimination.

**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- They are quick with service delivery.
- Communication very good.

- Manager is always helpful.
- Quick response to requests.
- Communication.
- Overall service.
- Friendliness.
- Can think of nothing.
- Security and safety is generally good in our shopping centre.
- Shopping centre is always clean.
- Do not allow hawkers and vendors onto the shopping premises.
- Informing tenants on everything that is happening and what is going to happen.
- Hosting some events that bring in more feet in the centre.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- None.
- They do not assist tenants with regard to lease, problems, etc.
- Poor communication.
- **The voice of small tenants does not count. Only big shops like Pick-'n-Pay are listened to.**
- Do not allow you to expand, eg. incorporate new products into your business.
- Demand that stores have to revamp every three to four years – too expensive.

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- Very good.
- Good.
- I don't have any problems with centre management.
- Poor service.
- It is ok.

**5. What is the main reason why you stay in this shopping centre?**

- Good vibe and pleasure to work in this centre.
- Busy centre.
- Business is doing well.
- Banks at the centre.
- 16 years of established client base.
- Other centres' leasing fees are just as much.
- Security and safety of tenants and customers are looked at.
- Burglaries and shop lifting is far less than with the outside shops.
- It is close to home.
- Management makes us feel like a family.

**DOORNPARK SHOPPING CENTRE**  
**Owned and managed by First Land Development Limited**  
**(14 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- Only laundry shop in area.
- Near home.
- Small but busy centre.
- It was the only shopping centre in the area at the time.
- Leasing fee reasonable.
- We have a prime spot in the centre.

**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- None.
- Friendly
- Punctual.
- Can contact and talk to the owner himself.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- No comment.
- A lot of drunks in evening.
- Very bad security.
- Not enough parking for tenants.
- They always say that everything is not their problem.
- The lights, the air conditioner, the geyser, the electricity, the plumbing, EVERYTHING!
- We have to fix everything ourselves.
- No marketing.
- The centre is untidy and a lot of hawkers and drunks.
- No proper toilets.
- No air conditioner.
- Expensive leasing fees.
- Centre needs to be revamped.

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- Good.
- Bad.
- Pathetic and greedy.
- Poor.
- There is no service. They always say they will get back to you but they never do.
- 50/50.
- Very bad.



**5. What is the main reason why you stay in this shopping centre?**

- Still happy here.
- Everyone knows my shop.
- Leasing fee is reasonable.
- Well-known to locals.
- The lease agreement expires only 2013.
- For such a small centre, it is busy.
- Well established centre but there is room for improvement.
- It is the only centre in Doorpoort.
- Looking for better option.

**MAYVILLE SHOPPING CENTRE**

**Owned by Government Pension Fund and managed by Shoprite Properties  
(26 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- Bought an existing shop.
- Busy centre.
- It is central.
- Reasonable rent.
- It was a new centre at time.
- It was the only big centre in area at time.
- Well established centre.
- Only shop of its kind at time.
- Close to home.
- It is next to busy road.
- Lease not too high.

**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Car guards always friendly.
- Helpful.
- Friendly.
- Effective.
- None.
- Parking.
- Neat and clean centre.
- Provide a strong brand as anchor tenant.
- Management don't worry about tenants.
- Décor.
- They do respond to e-mails.
- No comment – I seldom see them.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Advertising.
- Can revamp the centre.
- Poor security.
- Marketing.
- Overall management – don't care attitude.
- Maintenance need to be done more often.
- Management must take some responsibility.
- Dirty toilets. Cleaning staff clean only one a day.
- Mall needs an upgrade urgently.
- Management is not interested in problems or solving it.
- Shop owners have to do all upgrading themselves.
- Air conditioning.
- Do not care about the smaller tenant.
- Do not hesitate to put direct competition into centre.
- Do not bother to upgrade centre in order to compete with newer centres in area.
- Could be more flexible with leasing fee during bad economic times.
- Do not give attention to ANY problems tenants might have!!
- There is no service.
- Leasing fees are high.
- They are taking too long to solve a problem.
- Monthly fees differ a lot each month – sometime differs up to R2 000.
- No comment – I seldom see them.

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- Average.
- They definitely have to learn to speak properly. You cannot hear what they are saying.
- Poor.
- Very poor.
- 50 %.
- Average – no – poor!!
- Bad.
- It is good but there is room for improvement.
- Lack of interest in tenant problems.
- BAD, BAD, BAD.
- Average – they have a lot of rules, which is understandable but frustrating at times, eg. “nothing to be advertised in the window”.
- They are only interested in what is good for them.

**5. What is the main reason why you stay in this shopping centre?**

- Business is doing well.
- Biggest centre in area.
- Busy centre.
- Lots of feet.

- Good relationship with other tenants.
- Close to home.
- Business is established and well-known.
- Too expensive to re-locate.
- We have regular clients.
- The location is good for this kind of practice.
- I'm moving out at the end of February because of management!
- Still bound by leasing contract.
- It is difficult to re-locate a liquor store.

### **CENTURION MALL**

**Owned by Fountain Head Property Trust and managed by Broll  
(47 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- Development at the time was good.
- Only shop of this kind in centre.
- Good location.
- Well-known centre.
- It is a regional mall and attracts more feet than a small centre.
- It has an open air area, suiting our product.
- It is a popular centre.
- Foot count (which is proven by the increase in turnover for the past months).
- Location – it is situated in the middle of the centurion target market.
- Large centre.
- Situated in a high income group area.
- Visible centre.
- Centre had a lot of possibilities.
- Bought existing business.
- It's a regional mall - over 30 years in existence.
- Centre management contacted us, was we are leasing in other centres managed by them.
- We were promised 1,2 million feet per month.
- It is a great shopping centre.
- This was the closest shopping centre from where I stay.
- Convenience to clients.

**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Corridors are open.
- Lot of restaurants.
- A lot of extra activities.
- Efficiency.
- Friendliness.
- Availability.
- They show interest by sharing marketing ideas with the tenants.
- One-to-one consultation with the marketing manager.



- Friendly security.
- Neat and clean centre.
- Parking.
- None.
- Marketing.
- The security guards do their jobs very well and are always friendly.
- Indications of where shops are.
- They respond quickly to maintenance problems.
- Looks good on the outside.
- No empty shops.
- Extra activities in the centre.
- They are open to dialogue.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Working hours.
- Management – there is none.
- High parking fees.
- No maintenance.
- No visible security.
- The lake is dirty and stinking.
- **Discrimination to younger tenants and young business owners.**
- They won't assist with a query that is not part of their job description – as a result, certain things don't get done.
- They require payment for marketing the store in the mall – posters, outside kiosks.
- Management is just never available.
- Security and car guards are useless.
- Toilets need an upgrade.
- Not enough marketing.
- Fix everything ourselves.
- Excessive high parking rates and poor security.
- All seems nice till you become a tenant.
- Bathrooms are pathetic.
- If there is a problem they do not communicate immediately with the right people.
- The toilets are disgusting.
- Don't care attitude from management.
- High leasing fees.
- Lack of communication.
- The parking manager is not friendly at all!
- When here is an emergency, they don't phone the shop managers/owners.
- Very long shopping hours – every day of the week and public holidays.
- Don't care attitude.
- **Our small business tenants pay unfairly high leases.**
- Management deceived us by numbers to get us to sign contracts.
- They lied about other shop's turnovers to get us here.
- Enforcing ridiculous trading hours.
- Unrealistic expectations – decisions poorly thought through.

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- Average.
- Poor, poor, poor!
- Good.
- Bad.
- Poor.
- Well managed, but never going the extra mile.
- Efficient, but more staff could help solve problems quicker.
- Management takes notice in everything that happens at the mall.
- Newsletters to keep us updated in everything that happens in the mall.
- I would give them 7 out of 10.
- No comment.
- 50 – 50.
- They are not too keen to assist – only the security department is willing to.
- Neutral.
- No comment.
- Very, very bad.
- Ok.
- 3 out of 10.
- Management only wants to collect money but don't care about the tenants.
- Security manager is rude.
- Less than average.
- Not too much.
- **Very professional, but don't care about small tenants.**
- No capable management.
- Re-active rather than pro-active.

**5. What is the main reason why you stay in this shopping centre?**

- Leasing contract.
- Shop is settled and well known.
- Too expensive to move.
- Foot count and store location.
- Convenient area, close to home.
- Increase in turnover for the past few months.
- Competition is limited.
- Business is doing well.
- Open centre.
- Good area.
- Relatively clean and neat centre.
- Shop is located in a good part of the centre.
- Invested a lot in the shop.
- Large clientele base.
- I am selling my shop – jippy.
- I have a water tight contract – unfortunately.
- Invest a lot in shop.

- It is centrally located.
- Spacious shop.
- Customer's convenience.

**MADLIEF SHOPPING CENTRE**  
**Owned and managed by Moolman Group**  
**(8 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- The economy was good and I thought that I could make a living.
- Close to my home and child's school.
- The shop was in the market at a good price and it had a good turnover and had already built up a good customer base.
- After 15 years, a good question!
- Many clients visiting.
- No shop like ours at moment in the centre.
- Rent is not that high.
- Area is good for the product I am selling.

**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- The security – the centre is small and has 24 hour security.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- The person that can make decisions on the rent is never available.
- The building owners do not care, as long as they receive their money.
- They do not care to pop in to just say hello.
- Do not do enough advertising.

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- The total service and support do not exist.
- You never see them, they only care for the money they make.
- Management is always willing to help when there are any problems or queries.
- Average.
- Quality is good.

**5. What is the main reason why you stay in this shopping centre?**

- It is convenient for me.

- It is situated in a good and fairly busy area and there is not many other shopping centres close by with the same shops as this one.
- After 15 years the area's people know us very well!
- It is close to our home.
- Potential customers in the vicinity.
- Tenants are friendly and helpful.
- Business is doing well.

### **LYNNWOOD BRIDGE**

**Owned by Atterbury Property Holdings (Pty) Ltd and managed by Broll  
(11 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- We were in need to expand our business.
- Well established neighbourhood.
- We are a famous brand franchisee and they assisted with the negotiations.
- Centrally located and a good mix of offices and leisure.
- Because of the restaurants and our surroundings, we thought it would be a good location.
- Higher income group as feeding area to centre.
- Well designed and visually appealing.
- Convenient access to highway and located on busy road.
- A few residential areas around centre.
- The theatre.
- Potential buying power in area.
- Feet count is good.
- New, upper-class, modern centre.
- It is a nice centre (prime shopping centre).

**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Response to faulty equipment covered by the centre management.
- Constant involvement at centre and of great assistance when needed.
- Security is good and up to standard.
- Immediate response to our problems, i.e air conditioning breaking, flooding, etc.
- Proper communication.
- Good marketing.
- Willingness to help and resolve any issues that may arise.
- Also involve small tenants in promotions.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Marketing.
- Our maintenance service is slow.
- Slow response to our problems.

- Sending general letters regarding running of centre and not addressing responsible persons.
- Unhelpful, unfriendly operations manager.
- No visible security.
- Management is running both Lynnwood Bridge and Glenfair Boulevard simultaneously – too much, they are losing focus.
- Customers being able to smoke anywhere without security removing them from the premises (it is a non-smoking centre).
- They are not strict enough on smokers.
- Shopping hours are not uniformly implemented.
- Parking fees are too high.
- No window cleaners.
- No rubbish removals.
- Bathrooms are disgusting.
- There is nothing bad to say.

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- Generally good.
- I would say that we are happy with the service we receive.
- They are approachable and centre manager will answer phone after working hours.
- Centre is kept clean and is well maintained.
- They do an average job but need more promotions in local area.
- Good.
- It is lacking in some areas – the management must be quite new to centre management because they are not running this centre to its full potential.
- Very good.

**5. What is the main reason why you stay in this shopping centre?**

- We are surrounded by up-market restaurants and see this as a good opportunity.
- Attracts lots of people.
- Well situated and maintained.
- Stuck with a five year lease.
- It is a new centre that is currently doing well.
- The theatre attracts a lot of customers – especially in the evenings.
- Business is doing well.
- The feet count is good.
- It is a nice centre with a friendly vibe and loyal customers.
- Because clients got used to us and if we move, we are going to lose clients.

## **GLENFAIR BOULEVARD**

**Owned by Atterbury Property Holdings (Pty) Ltd and managed by Broll  
(8 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- Location.
- Easy access.
- Good area.
- Good clientele in area.
- Good and popular area.
- Close to home.
- Have been here for a long time.
- I had a bad experience with another landlord and centre.
- I know the architect – he promoted the centre to me.
- Shop was available in this centre to buy and I have developed it further.
- The leasing fee was fair at the time.

**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Helpful.
- Friendly.
- Always listens when request to do something.
- Manager has lot of empathy with small tenants.
- Management looks well after us and care about us.
- Good service from all the staff of the centre management, but NO service from the landlord.
- None.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- The maintenance manger does not have very good interpersonal skills and do not always understands our specific needs.
- Rent too high.
- Hours impossible.
- Keeping the centre clean and everything in working condition, eg. lift has been out of order for 2 months.
- The floors are very slippery.
- If you get injured, they do not even contact you.
- Bathrooms not up to standard.
- **You as a tenant (especially small tenant) means nothing to them!!**

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- Helpful and friendly.
- Good.



- Not good.
- You never see them.
- Takes forever to answer e-mails.
- Management: good; landlord: fair.

**5. What is the main reason why you stay in this shopping centre?**

- Established area.
- Established client base.
- Location – close to highways.
- Business is doing well.
- Satisfied with management.
- Nowhere else to go – almost near pension age.
- Lease only expires next year – not staying after that.
- I am satisfied – business is doing better than in other centre.
- Centre manager care more and communicates frequently.
- Built up excellent clientele.

**MONTANA CORNER**

**Owned and managed by Chris and Charmain  
(8 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- Busy centre.
- Business was available to buy in centre.
- The only shop of its kind at the time.
- Good area.

**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Management is friendly.
- Marketing is done well and information send out in time.
- Difficult customers and fights in public are dealt with in good manner.
- The landlords are very polite.
- The leasing fees are not too high.
- None.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Security.
- Dirty toilets.
- Not enough marketing.
- Security sleeps on the job – my car was stolen in parking lot and nobody saw anything.
- Parking

- Dirty centre.
- A lot of hawkers.
- The look of the centre looks washed out.
- Signage boards look terrible.
- Centre is very dirty and need an urgent revamp.
- Security must be chased away – A.S.A.P.!
- Security is bad. They steal just as much as the crooks.

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- Average.
- Well informed and effective.
- Poor.
- Actually good – management is going to start revamping.
- Ok.

**5. What is the main reason why you stay in this shopping centre?**

- My business is established.
- My business is doing well.
- Good feet count at centre.
- Our business is located well in centre.
- With the hope that maintenance is done soon!
- The shop is getting busier each day.

**MALL AT REDS**

**Owned by Anastasi Group Property Portfolio and managed by Anaprop  
(21 respondents)**

**1. Comment on the reason(s) why you have selected this particular shopping centre to lease a premise for your business.**

- Big centre.
- Neat and clean.
- Good location.
- Biggest centre in area.
- New and big centre.
- A centre with a lot of possibilities.
- Spacious centre.
- Near where I stay.
- Shop was available to buy in the centre.
- Centre with a lot of shops.
- The leasing fees not too bad.



**2. What are the most positive features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Looks appealing on the outside.
- Clean and neat centre.
- Lot of different shops.
- No empty shops.
- Activities for children and movies.
- Variety of shops.

**3. What are the most negative features (if any) of your centre management's service to you? Please list in sequence of importance.**

- Marketing.
- Security is poor.
- Toilets can be dirty sometimes.
- Car guards.
- Even though their offices are on the premise, they are always too busy to help.
- Management can organise some extra events.
- **More marketing is done for bigger businesses than for smaller ones.**

**4. What is your general perception of the overall service quality you receive from the shopping centre management?**

- Ok.
- Average.
- Good.
- Neutral.

**5. What is the main reason why you stay in this shopping centre?**

- Business is doing well.
- Management is not too bad.
- My shop is established.
- It is a busy mall.
- Extra activities that is organised.
- Shop is well known.
- It is a family centre with a variety of shops.





**APPENDIX D**  
**- DETAILS OF RELIABILITY ANALYSIS -**

Analysis of the items administered to small business tenants in shopping centres to measure perceived service quality of landlords led to the following results:

**Reliability analysis of the questionnaire scale administered to small business tenants in shopping centres in Pretoria to measure perceived service quality of landlords**

Variables	Items	Squared multiple correlations	Cronbach's Alpha
V11	When promised to do something by a certain time, management will do so.	0,66175	0,9425
V12	Behaviour of management instils confidence in you.	0,68614	0,9425
V13	Management gives you individual attention and is interested in your opinion.	0,64213	0,9430
V14	Centre and facilities are neat and clean.	0,39832	0,9444
V15	A service is provided at the time management promises to do so.	0,63302	0,9424
V16	In general, small tenants are treated the same as bigger tenants.	0,67321	0,9432
V17	When experiencing a problem, management shows sincere interest in solving it.	0,67910	0,9424
V18	Management shows interest in communicating with you.	0,70251	0,9424
V19	The décor and facilities of the centre are visually appealing.	0,45026	0,9449
V20	You are informed when services will be performed.	0,54828	0,9432
V21	You feel safe in your transactions with management.	0,66528	0,9428
V22	Terms and conditions of lease are equally fair for small tenants and bigger tenants.	0,66064	0,9437
V23	Management is never too busy to respond to your requests.	0,66598	0,9401
V24	Management performs the service right the first time.	0,58770	0,9426
V25	You have the opportunity to fair negotiations with regard to the leasing contract.	0,58604	0,9434
V26	Management is consistently courteous with you.	0,57286	0,9430
V27	You are satisfied with the air conditioning.	0,32902	0,9456
V28	You receive prompt service (eg. reaction to maintenance complaints).	0,58821	0,9430
V29	Management understands your specific needs.	0,65347	0,9422
V30	There is sufficient parking at the centre.	0,18356	0,9437
V31	Management insists on error-free leasing statements and other records.	0,47793	0,9441
V32	Management is always willing to help.	0,71937	0,9420
V33	Management has the knowledge to answer your questions.	0,58813	0,9425
V34	Routine maintenance and repairs are done regularly.	0,43325	0,9436
V35	Website of the centre is visually appealing.	0,49562	0,9412
V36	Your rental fee is realistic in comparison with that of bigger tenants.	0,54951	0,9437
V37	Shopping hours are realistic.	0,60382	0,9467
V38	You are satisfied with the visibility of security in the centre.	0,74606	0,9452
V39	You are satisfied with the response time of security.	0,72451	0,9454
V40	You perceive the promotions done at the centre to equally include the small tenants and the bigger tenants.	0,47218	0,9441



Variables	Items	Squared multiple correlations	Cronbach's Alpha
V41	Brochures/pamphlets of the centre are visually appealing.	0,6344	0,9437
V42	Shopping hours are convenient.	0,54276	0,9463
V43	You are satisfied with the marketing of the centre.	0,71700	0,9435
V44	You are satisfied with the number of daily visitors to the centre.	0,49880	0,9454
V45	The marketing fund of the centre is applied and managed effectively.	0,68895	0,9442
V47	You get value for your leasing fee.	0,52200	0,9441
<b>Number of cases = 457, number of items = 36, Standardised Alpha = 0,9453</b>			

**Item 36 (variable 46) was excluded from the scale**