

# **The quality of service delivery by the estate agency industry in Bloemfontein.**

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## **ABSTRACT**

A large number of estate agents entered the real estate industry in the last few years. At the same time the client rating of the quality of services offered by estate agents in the industry followed a downward trend. This perception of poor quality is causing a negative impact on the industry. Research done in 2004 has identified that clients within the Bloemfontein region are generally not satisfied with the level of service delivery by estate agents within the industry.

Respondents did identify certain areas that could be improved in order for estate agents to deliver a superior level of service. On the basis of this research and recommendations, it was possible to develop a model of the service delivery that will maximise the satisfaction of both buyers and sellers.

## **ABSTRAK**

'n Groot hoeveelheid eiendomsagente het tot die eiendomsagentskapsbedryf toegetree in die laaste paar jaar. Terselfdertyd het die kliënte se beoordeling van die kwaliteit van dienslewering deur eiendomsagente in die bedryf 'n afwaartse neiging getoon. Hierdie persepsie van swak kwaliteit lei tot 'n negatiewe impak op die bedryf. Navorsing gedurende 2004 het uitgewys dat kliënte in die Bloemfontein streek oor die algemeen nie tevrede is met die gehalte van dienslewering deur eiendomsagente in die bedryf nie.

Respondente het sekere areas waar verbeterde hoë vlak dienslewering kan plaasvind, uitgewys. Hierdie navorsing en aanbevelings het dit moontlik gemaak om 'n model te ontwikkel vir die verkryging van maksimale tevredenheid van beide kopers en verkopers.

Key words: Service delivery; estate agency industry; Client satisfaction

## **1. INTRODUCTION**

From 1994 it was no longer compulsory for estate agents to pass the Estate Agents Examination to become certified estate agents. A large number of estate agents entered the real estate industry since then. At the same time the client rating of the quality of services offered by estate agents in the industry followed a downward trend. This perception of poor quality impacts negatively on the industry, with more and more companies promoting the concept of selling property privately (Sake Rapport, 20 April 2003: 5; Ghyoot, Rudansky-Kloppers and Strydom, 2002: online).

It is expected that consumers have a poor image of estate agents as well as of the estate agency industry as a whole, because of the poor quality of service delivered by the estate agents within the industry. The purpose of this research (done during 2004) was therefore to determine what the quality of service delivery by estate agents in the Bloemfontein region is. It was found not to be of a high standard and recommendations are made to improve the situation. The recommendations are in the format of buyers and sellers models for effective service delivery in the real estate industry and are supported by some forms, which if used, will enhance the quality of service delivery.

## **2. LITERATURE REVIEW**

An investigation into the literature was done to determine what proper conduct in services marketing entails as well as the laws and regulations that governs the real estate industry.

### **2.1 Services Marketing**

Marketing is often defined as identifying and satisfying the needs and wants of consumers by providing a market offering to fulfil those needs and wants through exchange processes profitably. Services marketing, while complex in nature, embrace this concept. A service can be defined as an act or performance offered by one party to another. The performance is essentially intangible. Services create value and benefits for customers by bringing about a change in the life of the recipient of the service (Lovelock and Wright, 1999: 5).

Estate agencies represent a popular method of service marketing and were therefore selected as the basis for the research. They do not physically sell, buy or transfer the immovable property; they facilitate clients in obtaining the property (Delpont, 1993: 16).

#### *2.1.1 Characteristics distinguishing services marketing*

Service marketing is a unique concept and therefore needs a unique approach to marketing. Characteristics that distinguish it from the marketing of goods include intangibility, heterogeneity, inseparability and perishability (Hoffman and Bateson, 2002: 27-47). Most notably is the fact that the traditional marketing mix is expanded with three additional elements. The marketing mix for service marketing is therefore product, price, place, promotion, process, people and physical evidence (Seven variables of the marketing mix, [n.d]: online).

- Product – the concept of product is viewed differently in terms of service marketing, as there may in the case of 'pure' services be no tangible aspects. Clients seek benefits to which they attribute values and perceptions of quality. Consequently the service must always do what it claims to. In terms of the estate agency industry, the 'product' is the selling and purchasing of property (Lovelock, 2001: 11).

- Price – price is more complicated to determine in connection with services marketing as it is more difficult to determine value for money, due to the intangibility of services. Price in terms of the estate agency industry refers to the commission charged and the amount is dependent upon the selling price of the property. The percentage of commission charged can vary according to the economic climate and competition (How to choose an agent, [n.d]: online).
- Place – requires decisions to be made as to when and where the services are to be delivered. Firms may deliver a service directly to customers or through intermediary organisation. Geographical location and transport play predominant roles in relation to the estate agency industry. Clients often prefer to utilise the services of an estate agency in the same geographical region as the region in which they would like to purchase/sell property. Many purchasers prefer estate agents to transport them to the properties the estate agents would like them to view (Seven variables of the marketing mix, [n.d]: online).
- Promotion – is designed to build customer preference for a specific service or service provider. Primarily advertising and personal selling are utilised, and the manner in which they are combined will depend upon the nature of the service. In the estate agency industry estate agents advertise their listed properties, and the estate agents employ personal selling in order to sell the properties (Zeithaml and Bitner, 2000: 18).
- People – many services depend on direct, personal interaction between customers and a firm's employees. In terms of this industry the estate agent plays the primary role, and will ultimately determine the quality of the service delivered (Delpont, 1993: 78 and 118).
- Process – concerns the procedures involved in service delivery. The buying and selling of property is comprised of many processes, the listing of the property, the acceptance of offers and the transfer and registration of the property in the buyers name are examples. These processes can be conducted more efficiently as a result of an estate agent delivering expert, quality service (Steps to take when buying a home, [n.d]: online).
- Physical evidence – this is the environment in which the service is delivered and where the firm and customer interact. The surroundings and décor influence client perceptions of the quality of the service delivery. This element has an effect on two aspects within the estate agency industry. Firstly, it is reasonable to say that clients will feel an agent is unlikely to find the desired property if their offices are unpleasant and unprofessional. Secondly, the location and décor will influence the client's perceptions of quality, as it should match their expectations of professionalism (Jay, 1999: 5).

### *2.1.2 Special characteristics of services marketing*

In order to differentiate between the marketing of tangible goods and the marketing of services, it is necessary to discuss the special characteristics of services.

Services are intangible in that they cannot be seen, touched or tasted. While elements such as documents and correspondence exist, the actual service is only an experience to the client. Due to intangibility people play an integral role in service delivery and as such services are unable to be separated from the service provider (Lovelock, 2001: 9).

Because of the fact that services are produced and consumed at the same time it is very unlikely that services can be repeated in exactly the same manner for all clients. Therefore to a certain extent services and service delivery is unique. This is referred to as the heterogeneity of services. Intangibility and the simultaneous production and consumption of services result in the perishability of services. Services cannot be stored, a service that is not utilised is therefore a lost opportunity (Zeithaml and Bitner, 2000: 13 and 14).

### *2.1.3 Interactions*

This involves the interaction between a firm and its clients. The different types of interaction between the service provider and the client also play a pivotal role and they will need to be distinguished from each other.

The first type of interaction that occurs within the service encounter is the interaction between the service provider (front line staff) and the client. This type of interaction occurs where the client formally receives the service offering from the service provider. Clients will often rate the quality of service on the staff they had contact with (Donaldson and O'Toole, 2002: 147).

The second interaction occurs between the client and the service provider's agents or representatives. In services marketing it is frequently an agent who delivers the service to the client. In this case it is difficult for the service provider to control the quality of the service encounter. This is the type of interaction that occurs within the estate agency industry. The estate agent is the representative of the service provider (the estate agency) who interacts with clients (Lovelock, 2001: 12).

The third form of interaction is customer-to-customer interaction. The clients partly produce the service. Clients themselves make up part of the service. An example of this type of interaction would be a restaurant, where the clients themselves often determine the atmosphere and ambience. This type of service relies on the participation and interaction of clients to create the service offering. Unfortunately a limited group of clients can ruin the quality of the service for other clients (Gummesson, 1999: 67 and 68).

The fourth and final type of interaction is that which occurs when clients interact with service facilities. This type of interaction is as important. It is necessary for the systems to be easy for clients to operate. These systems

should function well and must meet the needs of the client. The interaction with systems such as Automatic Teller Machines (ATM's) often determines how clients perceive the quality of service delivery (Donaldson and O'Toole, 2002: 148; Gummesson, 1999: 69).

#### *2.1.4 Quality of service*

The client's expectations and perceptions determine the quality of service that clients experience. These will ultimately determine satisfaction as well as whether the service experience was of a high or low quality. The company must attempt to ensure that the quality of service delivered is as close as possible to the client's expected and desired service. In order to determine the quality of a service from a client's perspective it is necessary to understand the gap that occurs between the client's expectations and perceptions (Donaldson and O'Toole, 2002: 153).

There are three standard types of service expectations. Firstly, desired service refers to the service clients would like to receive. Secondly, adequate service is the service clients perceive as reasonable and acceptable. Thirdly, is the zone of tolerance. This is the range within which clients are willing to accept variations in service delivery (Murphy, 2001: 35 to 37 and 108).

Perception of quality is in turn influenced by the image of the service provider. The prices charged for the services also influence perceptions. Traditionally a high price is perceived as representative of a higher quality. The service encounter would determine the perception of quality. The evidence of the service, in the benefits the client derived from the service, influences the quality perception (Zeithaml and Bitner, 2000: 88 to 94).

Five dimensions are utilised when assessing quality. Reliability is the first dimension. Clients expect companies to deliver the promised service. Responsiveness as the second dimension refers to the extent to which the company responds to any form of communication from the client. Assurance represents the third dimension. Clients want assurance that the service will satisfy their needs. The fourth dimension is tangibles. These include aspects such as the quality of brochures, pamphlets and invoices that accompany the service. Tangibles that are perceived to be of a low quality will result in the overall assessment of the quality of service to be low. The fifth and final dimension is empathy. Every client wants to be treated individually. Clients expect service providers to recognise their position as unique (Hayes and Zigar, 2001: 301 and 302).

Relationship marketing will enhance the quality of service delivery and the service marketing process, as it allows for the establishment of a one-to-one relationship with the clients. This ensures that client's individual needs are identified and satisfied. It is therefore necessary for quality service marketing and has particular relevance within the estate agency industry (Jay, 1999: 135).

## **2.2 The estate agency industry**

Independent regulatory bodies regulate the estate agency industry. These bodies therefore influence the quality of service delivery.

### *2.2.1 Regulatory bodies*

There are three main regulatory bodies: Estate Agents Board, Multi Listing Services as well as the Institute of Realtors (Tips for buyers and sellers of property, [n.d.]: online; Institute of Realtors of South Africa, [n.d.]: online).

The Estate Agents Board is a government body that was instituted in terms of the Estate Agency Affairs Act Number 112 of 1976. The Estate Agents Board was formed to protect the public in their dealings with estate agents. The Board regulates the activities of estate agents. It is comprised of fifteen members who are appointed by the Minister of Trade and Industry. A Code of Conduct that governs all registered estate agents has been established (Estate Agency Affairs Act No 112 of 1976, [n.d.]: online).

Multi-listing services (MLS) is a regulatory body that was established by estate agents within the industry. Membership by estate agents is voluntary. This body allows properties to be listed and marketed by all participating estate agents. This body too regulates the industry and is not separate or excluded from the jurisdiction of the Estate Agents Board. The Multi-listing service is not unique to South Africa, as it is an international concept and body (Birger, 2003: 116).

The South African Institute of Realtors is a private institution that was established in 1937. Its primary aim is to improve the standard of education for estate agents. The institution attempts to keep members abreast of any changes in legislation pertaining to the industry. It too has its own code of conduct and regulates its members by means of this code. Membership is voluntary. The main aim of this body is to encourage a high degree of professionalism within the industry (Institute of Realtors, [n.d.]: online).

### *2.2.2 Ethics and Law within the estate agency industry*

The estate agency industry's ethics are regulated by a Code of Conduct. This Code is meant to ensure that all estate agents and estate agencies are ethical in their dealings with their clients. Two specific Acts regulate the estate agency industry. The Estate Agency Affairs Act No.112 of 1976, as well as the Estate Agency Amendment Act No.90 of 1998. It is important to note that this industry falls under the jurisdiction of the Minister of Trade and Industry. Penalties exist for contravening this act (What to ask the estate agent, [n.d.]: online; Amendment to the Estate Agency Affairs Act No. 90 of 1998, [n.d.]: online).

### *2.2.3 Services offered by the estate agency industry*

The standard services offered by the estate agency industry are divided into four main categories. These categories are pre-buying and selling; buying and selling; post sale; and after sales service.

#### 2.2.3.1 Pre-buying and selling

Initially, an appointment is scheduled during which the client's needs and requirements are discussed. It is important to note that the seller and not the purchaser is the estate agent's client. Whether the mandate is to be open or sole will also be decided upon during this stage (What to ask the estate agent, [n.d]: online).

After completion of the formalities the estate agent will price the seller's home. The effects of setting the relative selling price of a property too high, referred to as over pricing, will also be explained to the seller. Comparative market analysis as a method of property pricing was analysed. (Sales and Acquisitions, [n.d]: online; Ons Stad Eiendomsforum, July, 2003: X).

It is also necessary for the agent's commission and proposed marketing strategy for the property to be discussed. Once the client is satisfied with these, the estate agent can be given the mandate to sell the property (Steps to take when buying a home, [n.d]: online; Fife, 1999: 90).

#### 2.2.3.2 Buying and Selling

During this process the buyer will view various properties that are listed for sale. In this stage the estate agent will implement the marketing strategy. This strategy often includes the showing of the property by means of show houses for the public and open hours for other estate agents (Ons Stad Eiendomsforum, 4 September 2003: XII; Volksblad: 16 May 2003: 8).

It is in this category where the predominant number of contracts are completed. Offers to purchase should be explained to all prospective buyers. Options and deeds of sale must discussed with both the seller and the buyer (Volksblad Eiendomsgrids, 3 May 2003: VI; Delport, 1993: 134).

#### 2.2.3.3 Post – Sale

This is the process that will follow after both parties (buyers and sellers) have signed the agreement of sale. The first step is the arranging of finance. This can be achieved by the estate agent directly contacting the commercial banks or through the use of bond originators (Sake Rapport, 20 April 2003: 11).

It is necessary to register and transfer the property into the buyer's name. This is done by means of conveyancers. Estate agents' liaise with conveyancers in order to expedite the registration of the property, as commission is only payable upon registration (The appointment of a conveyancer and estate agent, [n.d]: online).

#### 2.2.3.4 After sales service

This refers to the means by which estate agents maintain contact with their clients after the registration of the property. Included within this section should be a comparison between the selling of property privately as opposed to the use of estate agents (Volksblad Eiendomsgids, 17 May 2003: X).

### **3 RESEARCH METHODOLOGY**

The methodology followed during the research can be summarised as follows:

#### **3.1 Problem statement**

It is expected that consumers have a poor image of estate agents as well as of the estate agency industry as a whole, because of the poor quality of service delivered by the estate agents within the industry.

#### **3.2 Research objectives**

The objectives of the research were:

- To determine the image of the estate agents in the Bloemfontein region;
- To determine whether and how estate agencies actively ensure that all practices and dealings with clients are of a high quality;
- To determine if ethical practices (as prescribed by the Code of Conduct) leads to improved quality of service delivery;
- To determine if the quality of services is the basic reason for the poor/good image of the real estate industry, and if the image is found to be poor;
- To provide guidelines (presented as buyers and sellers models and supported by forms) to ensure a high quality of service delivery by estate agents as a means to improve the image of estate agents.

#### **3.3 Data collection**

Data can be classified according to primary and secondary data. It can also be collected in various ways.

Primary data was collected by means of questionnaires and interviews. Two separate sets of data were compiled for estate agencies and clients (purchasers and sellers). All registered estate agencies (approximately 100) in Bloemfontein was surveyed. A requirement was that these agencies must be registered with the Estate Agents Board as is required by law; in terms of the Estate Agency Affairs Act No 112 of 1976.

Data from estate agencies was collected by means of a questionnaire that was personally delivered to all registered estate agencies with physical premises. The reason for this was to ensure that the questionnaires are received only by the principals/managers who are required to complete the questionnaire. Registered estate agencies, which are Internet based and do not possess a physical premises received E-mailed questionnaires addressed to the principal/manager. It was therefore a census more than a survey of all



agencies. Those agencies which did not reply were personally contacted to remind them and if necessary copies of the questionnaires were sent out. A list was kept of all responses received; so as to prevent duplication of questionnaires sent out. Completed questionnaires were gathered personally.

Data from clients of the estate agencies was also collected via questionnaires. In order to obtain recent responses all the properties bought and sold in Bloemfontein during 2003/2003 were analysed. This was done by contacting the deeds office where all title deeds are publicly available for inspection (Delpont, 1993: 18).

**Table 1 Numbers and value of properties in Bloemfontein**

<i>Financial institution</i>	<i>Number of properties</i>	<i>Value (R)</i>
ABSA	1 620	303 414 651
AFRICAN BANK	1	310 000
BOE	42	9 061 000
FIRST NATIONAL BANK	401	79 645 595
INVESTEC	1	450 000
ITHALA	0	0
MLS BANK	10	9 087 000
NBS	0	0
NEDCOR	520	120 640 827
PEOPLES BANK	32	3 272 310
SA HOME LOANS	15	2 970 000
SAAMBOU	32	952 898
STANDARD BANK	442	42 043 833
UNI BANK	0	0
GREEN START	29	565 764
MEEG BANK	0	0
OLD MUTUAL BANK	0	0
PERMANENT BANK	0	0
<b>TOTAL</b>	<b>3 000</b>	<b>341 021 657</b>

Source: Mrs L. Mostert, Bloemfontein Deeds Office

This table illustrates that in 2002 and 2003, 3000 properties were registered in Bloemfontein.

### **3.4 Data processing**

The data collected was analysed with the aid of The Statistical Programme for Social Studies (SPSS).

### **3.5 Sample method and size**

A census of all registered estate agencies (approximately 100, employing 1200 agents) was utilised rather than a sample (Ghyoot, Rudansky-Kloppers and Strydom: 2002: 3).

As Table 1 indicates, clients were classified according to five property value groups. These property value groups are also representative of five income groups. These income groups are classified as follows: very high-income group; high-income group; medium income group; low-income group; and the very low-income group. The 'very high' income group can afford to purchase properties priced between R1 million and R5 million. The high-income group represents the second section. This section can afford to purchase properties priced between five hundred thousand Rand and R1 million. The medium income group, segment three, is qualified to purchase properties priced between two hundred and fifty thousand Rand and five hundred thousand Rand. The low-income group purchases properties ranging from one hundred thousand Rand to two hundred and fifty thousand Rand. The very low-income group will most likely purchase properties priced at a maximum of a hundred thousand Rand.

A sample of 20 per cent of the target population was selected. The population comprised of the 3000 properties registered in 2002 and 2003. A sample of 20 per cent (600) is selected due to financial and time constraints. Financial aspects include the printing of a two-part questionnaire and postage. Time is a consideration in terms of the time period allocated for responses to be received, and the analysis of this data.

If a respondent indicates that the services of an estate agent or agency were not utilised, the respondent was replaced. The next valid figure identified by single random sampling was matched with the corresponding residential plot number. The address will yield the next respondent to be surveyed. The following is an illustration as to how the sample was selected. Twenty per cent of the population of 3 000 resulted in a sample size of 600 units. These units were selected by utilising a systematic sampling method. To determine the skip interval the population size was divided by the selected sample size. A skip interval of five was the resultant figure. Accordingly every fifth residential plot number was selected. In order to determine the starting point an arbitrary point was selected on a table of random digits. The residential plot number which corresponded most with the arbitrary point was selected as the starting point. The valuation roll provided the addresses of the selected residential plot number, to which the questionnaires were sent.

### **3.6 Pilot study**

The pilot study was conducted on one of the estate agencies in the Bloemfontein region. The reason for the pilot study was to test the validity and reliability of the questionnaires drawn up for the estate agencies.

For buyers and sellers, a small percentage of the sample size was selected and subjected to the pilot study questionnaires. All agencies, purchasers and sellers included in the pilot study were excluded from the actual study.

### **3.7 Respondents**

There were two main groups of respondents namely estate agents/agencies and clients. However, clients were separated into two groups, namely purchasers of property in 2003/2003, and the sellers of property in 2002/2003.

#### 4. Results of the study

Only some of the most important results are reflected in this article and are described below:

Table 2 reflects the satisfaction of sellers of property with the services they received from estate agents. The percentage indicated represents the number of satisfied sellers with that specific service and not the satisfaction level of the sellers.

**Table 2** Sellers responses to services delivered (n = 169)

Services	Yes (%)
Discuss selling needs	83.6
Suggest marketing tips	52.3
Conduct a comparative market analysis	52.4
Marketing strategy developed	50
Compile a deed of sale	84.4
Provide copies of deed of sale	75.8
Satisfied with service received	77.3
Selling price match	68.5

It is clear from Table 2 that suggestion of marketing tips, conducting a comparative market analysis and the development of a marketing strategy are services that are neglected by some estate agents when dealing with sellers, resulting in the fact that almost half of sellers are not satisfied with these services.

Table 3 reflects the satisfaction of buyers of property with the services they received from estate agents. As with sellers, the percentage indicated represents the number of satisfied buyers with that specific service and not the satisfaction level of the sellers. Table 3 also indicates that services that are neglected by estate agents are pre-qualifying of clients, determination of buying requirements, assistance with acquiring a loan and maintaining contact with the buyer.

**Table 3 Buyers responses to services received (n = 315)**

Service	Yes (%)
Discuss requirements	80.9
Pre-qualify clients	52.4
Determine buying amount	53.4
Escort through property	93.3
Informed of defects	53.8
Compiling an offer	89.2
Assist with loan	58.5
Compile a deed of sale	85.4
Copy of deed of sale provided	82
Maintained contact with buyer	57.5
Service satisfaction	76.2

Differences in the satisfaction levels of sellers of property in the different property value categories are depicted in table 4.

**Table 4: Satisfaction with service received (N = 129)**

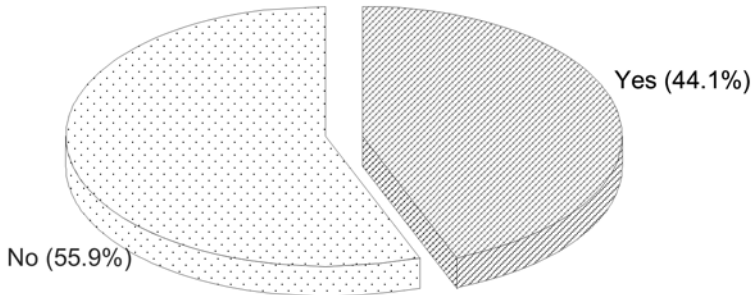
Aspects	Property value Categories (in thousands)			
	value <250	value 251 – 500	value >500	Average
Selling requirements	65%	81%	80%	<b>75%</b>
Marketing strategy	59%	77%	66%	<b>67%</b>
Selling price negotiation	74%	79%	84%	<b>79%</b>
Compiling Deeds of Sale	83%	81%	80%	<b>81%</b>
Satisfied with service	61%	71%	75%	<b>69%</b>
<i>Average</i>	<b>68%</b>	<b>79%</b>	<b>77%</b>	

The lowest selling price category receives the lowest level of satisfactory service, with about 32% of respondents dissatisfied. In the category *Selling Requirements* the difference between the less than R250 000 property value and the more that R500 000 property value categories are 15 %. Marketing strategy is the area where service delivery is neglected overall, but specifically in the less than R250 000 category. Respondents in the less than R250 000 category yielded a lower percentage of satisfied respondents in relation to the other price categories. These respondents are less satisfied with the service delivered by estate agents, and may possess less than favourable perceptions of the service delivered. Industry image and name may be detrimentally affected as a result.

To further stress the negligence of estate agents of their service delivery efforts, Figure 1 reveals that 55,9% of respondents indicated that contact had not been maintained post sale. This clearly illustrates that a minimal number

of estate agents employ some form of after-sales service or relationship marketing with their clients.

**Figure 1: Maintenance of contact (N = 127)**



**Table 5: Hypothesis testing by means of T-test: Clients and estate agents**

The T-value for all tests is 2.92 and is compared to the T-statistic in every case.

Test	Variables	N (clients)	N (agents)	T- test statistic	Conclusion
1.	Advertising in local media	332	75	1.6	No statistical difference. Accept the null hypothesis
2.	Exhibition days	332	75	9.083	Statistical difference. Reject the null hypothesis
3.	For Sale Boards	332	75	11.69	Statistical difference. Calculated value exceeds T value
4.	Time discussing needs	332	75	9.35	Statistical difference. Reject null hypothesis.
5.	Commission discussions	332	75	0.283	Calculated value is lower than the T value. No statistical difference
6.	Marketing strategy	332	75	7.319	Statistical difference. Calculated value exceeds T value.
7.	Selling price negotiation	332	75	6.904	Statistical difference. Reject null hypothesis.
8.	Explaining Deed of Sale to seller	332	75	8.235	95% confidence: there is a Statistical difference
9.	Progress of offers to Purchase	332	75	6.737	Statistical difference. Calculated value exceeds T value.
10.	Explaining Deed of Sale to buyers	332	75	8.157	Statistical difference. Reject null hypothesis

In order to determine whether a significant difference exists between the responses of the clients in relation to the responses of estate agents, it is necessary for certain statistical tests to be conducted. Hypothesis testing, as summarised in table 5, depicts the relationship between the answers supplied by sellers of property and the answers supplied by estate agents.

When the test statistical value exceeds the T-value 2.92, the hypothesis was rejected. The values obtained in tests one to four as well as in tests six to ten exceed the T-value. It is therefore possible to conclude with a 95% level of confidence that clients' responses to a similar question asked to estate agents differ from each other. Therefore, client s' perceptions of services delivered differ from what services estate agents claim to deliver. This situation could lead to a general perception of poor service quality by clients if this situation persists. It is therefore necessary for estate agents to conduct an audit of the services they deliver in order to obtain a realistic view of the services they deliver on a continuous basis.

## **5. RECOMMENDATIONS**

An increase in service delivery and quality across all categories and property value levels may reduce levels of dissatisfaction. Estate agents / agencies may implement the following actions to improve service delivery:

### **5.1 Institution of a market research system**

It is important to emphasise that the estate agency industry take responsibility for research to be conducted on a regular basis in order to derive benefit there from:

- To counteract the effect of the number of respondents not using the services of the estate agent, it is necessary for estate agents to conduct regular research into the satisfaction levels of clients (previous and current). Such research would identify individual strengths and weaknesses of estate agencies.
- It may also assist in reducing the number of future clients electing to not use estate agents.
- The research should also clearly identify the demographic information of their clients, and the satisfaction with the services delivered..

### **5.2 Client recovery system**

It could be beneficial for estate agents to develop a system to win back those clients that have been lost due to poor service, as well as the current non-users. Estate agents may re-contact these clients and find out what was wrong with the service delivery and attempt to regain these clients. Word of mouth (positive) would assist in combating the potential increase in consumers not using estate agents

### **5.3 Compilation of database for Comparative Market Analysis**

Often sellers obtained final selling prices that were lower than the price suggested by the estate agent. It is necessary for estate agents to analyse the way and degree to which they conduct market valuations of properties, as clients experience a higher sense of dissatisfaction if a lower selling price is obtained. Through regular and efficient Comparative Market Analysis estate agents will set selling prices that are realistically achievable.

- It is recommended that a uniform or standard method of conducting a Comparative Market Analysis be developed within the industry. Furthermore, it would overcome the access / lack of information problem if a database of all properties sold in Bloemfontein encompassing a period of two years was developed.
- The database should be freely available to all estate agents as well as the general public. This database should not be under the control of one voluntary body, but rather under the control of the Estate Agency Affairs Board within Bloemfontein.
- It should be immediately updated upon the sale / registration of a property. This database should not rely on the discretion of the estate agent, but should be compulsory.
- It would also be advisable if the database was web-based in that it could be accessed via the Internet.
- The data should be limited to aspects such as size, location (suburb and street), selling price and property details (number of bedrooms and related items). Individual databases could be established for individual estate agencies as well.

This database may be utilised to do a definitive comprehensive and valid analysis of prices of properties in specific areas. Hereby a match between the recommended and final selling prices will be achieved more frequently – thus enhancing customer satisfaction and service perceptions. Estate agents will also be able to have information available when necessary.

#### **5.4 Comprehensive marketing strategy**

Marketing strategies (compilation and use) of estate agents also need to be addressed. It is problematic if the marketing strategy is not discussed as clients primarily base their evaluation of service on the manner in which the estate agent advertised the property and the final selling price achieved. While the majority of estate agents indicated that they always discuss the marketing strategy with clients, client responses indicate otherwise. This could be due to a breakdown or lack of communication between clients and estate agents.

It is therefore necessary for estate agents to compile a comprehensive marketing strategy (at all times) that will specify the estate agents' obligations with respect to the marketing of the property. This plan must then be very clearly explained and shown to the clients. It is suggested that a written copy of the marketing strategy (with marketing suggestions to improve the property) be provided and signed by both the seller and the estate agent. A standardised form may be developed, to which minor changes relevant to

individual clients may be added. Such action would assist in reducing confusion and misunderstanding. It would also provide tangible evidence on which clients may evaluate service.

- Estate agents should consider using advertising on website more. It is a medium that may be used to advertise the property as well as to maintain contact with clients. It also increases estate agents clients' exposure; thus it increases the possibility of a sale.
- Furthermore, it is recommended that estate agents employ a more varied marketing strategy, employing more than one or two marketing techniques. This will further increase the exposure of the property and could potentially increase sales and reduce selling time. Faster selling times create favourable service perceptions in clients.
- Marketing tips given to sellers for the improvement of the property would also assist estate agents in delivering a higher quality of service delivery.
- Attention should be given to the use and execution of exhibition days. Respondents indicated the highest degree of dissatisfaction with this method. This may be discussed within the marketing strategy. Estate agents should also develop a standardised period of time after registration in which to remove sold boards. Radio advertisements could also be considered as an advertising tool.

### **5.5 Increased training of estate agents**

Estate agencies should increase training in the areas of legislation and valuation methods. Especially, since there are constant revisions of the Code of Conduct and other relevant legislation. In addition estate agents will be more familiar with the legal boundaries of the industry in which they operate. Thereby ensuring ethical and legal behaviour. Furthermore, a significant percentage of respondents indicated that their final selling prices did not match those suggested by the estate agents. Rather lower prices had been obtained.

- In order to overcome this problem estate agencies should increase and update the training of estate agents in relation to valuation methods.
- It is necessary for younger estate agencies to increase the extent of training that they provide to their estate agents. This will assist them in providing a better quality service to clients, as well as help ensure the continued existence of their estate agency.
- They should aim to deliver all services constantly rather than the current frequently situation

### **5.6 Improved service delivery**

It is recommended that estate agents review service delivery across all property value categories to ensure that all clients receive equal services.

- A standardised procedure of service delivery should be introduced to provide guidelines for all estate agents. This will ensure that all clients receive an equal combination of services.



- The amount of service delivered should not be dependant upon the value of property. Estate agencies operating for two years or less should pay attention to service delivery.
- Attempts should be made to consistently (always) deliver all services rather than frequently.

The above recommendations are supported by the following procedures (in the form of models) and documentation which the estate agents can use to improve the quality of service delivery.

## **6 MODELS AND SUPPORTING DOCUMENTS**

The first model is developed to support the estate agent when serving a seller of property.

### **6.1 SELLERS MODEL**

This model is developed by the researchers and we hope it will help to identify a standardised procedure by which to deliver quality service, in order to maximise client satisfaction. It is divided into steps in order to better identify the different processes involved. Please note that this is a guideline only and is adaptable to a client's individual requirements.

#### Step 1: Interview

- Set the tone of the interview
- Discuss clients' requirements
- Discuss granting of a mandate
- Price the property
- Discuss the marketing strategy and commission payable
- Determine the date on which the marketing strategy is to begin

#### Step 2: Marketing the property

- Maintain contact regularly
- Provide feedback
- Provide lists of prospective purchasers

#### Step 3: Offers to purchase

- Submit all valid offers
- Timeously relay counter offers
- Discuss and specify transfer costs

#### Step 4: Deed of Sale

- Compile Deed of Sale
- Verify conditions prior to signature
- Explain conditions in the Deed of Sale
- Sign Deed of Sale
- Provide copies of the Deed of Sale to all parties

#### Step 5: Registration

- Liaise with conveyancer
- Provide feedback on transfer

- Congratulate seller upon registration

#### Step 6: Maintain contact

- Maintain contact
- Develop relations
- Generate future sales

## **6.2 BUYERS MODEL**

In relation to buyers similar steps are recommended by the researchers to be followed by estate agents with slight adjustments, to ensure quality service delivery.

#### Step 1: Interview

- Discuss the buyer's needs
- Determine the buyer's financial capabilities

#### Step 2: View properties

- Escort buyers through properties
- Inform buyers of defects
- Prevention of purchasing through other agents
- Prevention of private transactions

#### Step 3: Offers to purchase

- Compile Offer to Purchase
- Submit offer to seller
- Notify buyer of outcome of offer
- Explain transfer costs
- Notify buyer of progress of loan

#### Step 4: Deed of Sale

- Compile Deed of Sale
- Explain conditions in the Deed of Sale
- Sign Deed of Sale
- Provide copies of the Deed of Sale to all parties

#### Step 5: Registration

- Liaise with conveyancer
- Provide feedback on transfer
- Congratulate buyer upon registration

#### Step 6: Maintain contact

- Maintain contact
- Generate database

### 6.3 STEPS IN THE COMPARATIVE MARKET ANALYSIS (CMA)

A standardised procedure is recommended by the researchers for conducting a CMA. A CMA gives the client an indication of the price of similar properties sold in the recent past and can be used as a basis to determine the value of the property if placed on the market. It is advised that this process be conducted during the initial interview with the client.

Step 1: Evaluate the property

- Evaluate in terms of size, location and related aspects

Step 2: Comparable properties

- Identify properties recently sold or listed
- Analyse in terms of size and related aspects
- Select properties for comparison

Step 3: Comparison

- Make price adjustments to selected properties
- Compare selected properties with subject property

Step 4: Determine market value

- Determine market value
- Determine selling price

## 7. FORMS TO SUPPORT THE MODELS

### 7.1 SUGGESTED MARKETING STRATEGY FORM

Service delivery will be enhanced if estate agents compile a marketing strategy. If estate agents use the following form, it will ensure that all aspects of the marketing strategy are covered.

	SERVICE ACTION	CLIENT RESPONSE	
1.	Permission to place 'For Sale' boards?	YES	NO
2.	Number of local media advertisements to be placed	_____	
3.	Placement dates of local media advertisements	_____	
4.	Convenient viewing times for the seller	_____	
5.	Viewing hours for estate agents (if applicable)	_____	
6.	Advertising on estate agency website?	YES	NO
7.	Date of placing property on estate agency website	_____	

8. Appointment (time and date) for photographs to be taken \_\_\_\_\_
9. Marketing tips for the property given? 

YES	NO
-----	----
10. If yes, what tips? \_\_\_\_\_
11. If repairs are to be done, what is the expected date of completion? \_\_\_\_\_
12. Best time to contact clients \_\_\_\_\_
13. Exhibition days to be held? 

YES	NO
-----	----
14. Dates when Exhibition days are to be held \_\_\_\_\_
15. Times of Exhibition days \_\_\_\_\_
16. Date on which the marketing strategy will be implemented. \_\_\_\_\_

## 7.2 SUGGESTED CMA FORM

The following form will assist estate agents when conducting a comparative market analysis.

DATE:

### 1. PROPERTY FOR SALE

#### 1.1 *Physical Characteristics*

- |        |                               |       |    |
|--------|-------------------------------|-------|----|
| 1.1.1  | Size of residential plot      |       |    |
| 1.1.2  | Swimming pool?                | Yes   | No |
| 1.1.3  | Granny Flat                   | Yes   | No |
| 1.1.4  | Entertainment area (Lapa)     | Yes   | No |
| 1.1.5  | Size of house                 | _____ |    |
| 1.1.6  | Number of bedrooms            | _____ |    |
| 1.1.7  | Number of bathrooms           | _____ |    |
| 1.1.8  | Number of garages             | _____ |    |
| 1.1.9  | Kitchen details               | _____ |    |
| 1.1.10 | TV / sitting room / study     | _____ |    |
| 1.1.11 | Other distinguishing features | _____ |    |

#### 1.2 *Location*

- |       |            |     |    |
|-------|------------|-----|----|
| 1.2.1 | Suburb     |     |    |
| 1.2.2 | Near parks | Yes | No |

1.2.3	Near shopping centres	Yes	No
1.2.4	Near to public transport	Yes	No
1.2.5	Near schools	Yes	No

1.3 *Other considerations*

1.3.1	Possibility of subdividing property	Yes	No
1.3.2	Business rights	Yes	No

1.3.3 **Other considerations**

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2. COMPARABLE PROPERTIES

2.1 *Physical characteristics*

2.1.1	Size of residential plot		
2.1.2	Swimming pool?	Yes	No
2.1.3	Granny Flat	Yes	No
2.1.4	Entertainment area (Lapa)	Yes	No
2.1.5	Size of house	<hr/>	
2.1.6	Number of bedrooms	<hr/>	
2.1.7	Number of bathrooms	<hr/>	
2.1.8	Number of garages	<hr/>	
2.1.9	Kitchen details	<hr/>	
2.1.10	TV / sitting room / study	<hr/>	
2.1.11	Other distinguishing features	<hr/>	

2.2 *Location*

2.2.1	Suburb		
2.2.2	Near parks	Yes	No
2.2.3	Near shopping centres	Yes	No
2.2.4	Near to public transport	Yes	No
2.2.5	Near schools	Yes	No

2.3 *Other considerations*

2.3.1	Final selling price / s		
2.3.2	Concluded under similar market and financial conditions?	Yes	No

2.4 *Price Adjustments*

Price adjustments are made in order to allow for differences in size and other non-property influences

	Price	Market value after adjustment
Property 1		
Property 2		

Property 3		

2.6 *Market value of subject property* \_\_\_\_\_

**7.3 SUGGESTED REQUIREMENTS FORM**

The following form may assist estate agents in determining both buyers and seller's requirements.

SELLERS	CLIENT RESPONSE		
1. Minimum required selling price	<input type="text"/>		
2. Prepared to negotiate terms of price	_____		
3. Minimum acceptable offer amount	_____		
4. Sale urgent?	<table border="1" style="display: inline-table;"><tr><td>YES</td><td>NO</td></tr></table>	YES	NO
YES	NO		
5. Has a transferring attorney?	<table border="1" style="display: inline-table;"><tr><td>YES</td><td>NO</td></tr></table>	YES	NO
YES	NO		
6. Name of attorney (if yes)	_____		
 <b>BUYERS</b>			
1. Pre-qualified?	<table border="1" style="display: inline-table;"><tr><td>YES</td><td>NO</td></tr></table>	YES	NO
YES	NO		
2. Pre-qualification amount	_____		
3. Deposit?	<table border="1" style="display: inline-table;"><tr><td>YES</td><td>NO</td></tr></table>	YES	NO
YES	NO		
4. Deposit amount	_____		
5. Costs to be included?	<table border="1" style="display: inline-table;"><tr><td>YES</td><td>NO</td></tr></table>	YES	NO
YES	NO		
6. Area/suburb preferred	_____		
7. Number of bedrooms required	_____		
8. Number of garages	_____		
9. Additional facilities (swimming pool, lapa)?	<table border="1" style="display: inline-table;"><tr><td>YES</td><td>NO</td></tr></table>	YES	NO
YES	NO		
10. Proximity to bus route required?	<table border="1" style="display: inline-table;"><tr><td>YES</td><td>NO</td></tr></table>	YES	NO
YES	NO		
11. Proximity to schools required?	<table border="1" style="display: inline-table;"><tr><td>YES</td><td>NO</td></tr></table>	YES	NO
YES	NO		
12. Proximity to shopping malls and churches required?	<table border="1" style="display: inline-table;"><tr><td>YES</td><td>NO</td></tr></table>	YES	NO
YES	NO		

## 8. CONCLUSION

Research has identified that clients within the Bloemfontein region are not always satisfied with the level of service delivery by estate agents within the industry.

Respondents did identify certain areas that could be improved in order for estate agents to deliver a superior level of service. On the basis of this research and recommendations, it was possible to develop a model of the service delivery that will maximise the satisfaction of both buyers and sellers.

It would be suggested that further research be conducted into the reasons why certain groups use specific services less often than other categories. The effect of advanced computerisation on service delivery could also be analysed in relation to client satisfaction therewith. Effects of the proposed changes to the Code of Conduct on industry image and service delivery could be researched. Furthermore a comparative study of the service delivery perception of clients in 2006 in relation to the perceptions of clients in 2016 could also be conducted. In this manner an awareness of a possible decline or improvement in the industry may be determined.

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