



**AN INVESTIGATION INTO THE QUALITY OF SERVICE
DELIVERY BY THE ESTATE AGENCY INDUSTRY IN THE
BLOEMFONTEIN REGION**

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DECLARATION OF INDEPENDENT WORK

DECLARATION WITH REGARD TO INDEPENDENT WORK

I, Kirsty Botes, identity number [REDACTED] and student number [REDACTED] do hereby declare that this research project submitted to the Central University of Technology, Free State for the Degree MAGISTER TECHNOLOGIAE: MARKETING, is my own independent work; and complies with the Code of Academic Integrity, as well as other relevant policies, procedures, rules and regulations of the Central University of Technology, Free State; and has not been submitted before to any institution by myself or any other person in fulfilment (or partial fulfilment) of the requirements for the attainment of any qualification.



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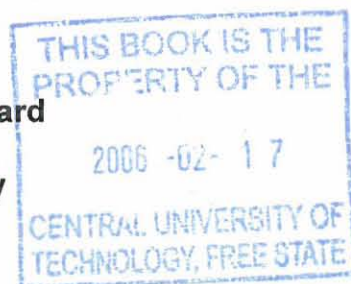
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Research was conducted into the quality of service delivery by the estate agency industry in Bloemfontein. The purpose of the study was to determine the service of estate agents in Bloemfontein, as well as (to determine) whether estate agents act in accordance with the prescribed Code of Conduct, and also the image of the estate agent. In order to determine the above, both clients and estate agents were surveyed. It was therefore a comparative study.

A sample of 600 respondents was selected from a population of 3 000. These respondents had either bought or sold property, or both, in 2002 and 2003. Respondents were selected from a list of all "Title Deeds" registered within the specific period, available at the Deeds Office. Systematic sampling was used. A response rate of over fifty percent (332 respondents) was obtained.

Clients were divided into two groups, namely buyers and sellers. They were surveyed by using a combination of two survey methods – mail and telephone interviews. Respondents received a two-section questionnaire by mail. A separate section was allocated for both buyers and sellers individually. However, respondents who had bought and sold property were able to complete both sections. A list of respondents who completed and returned the mailed questionnaire was kept. These respondents were accordingly not contacted during the telephonic interviews. Non-respondents were contacted telephonically and asked the same questions as those contained within the

mailed questionnaire. Respondents could again complete one or both sections, dependant upon their situation.

Only registered estate agencies were surveyed. These estate agencies were identified by contacting the Estate Agency Affairs Board in Johannesburg and obtaining a complete list of all registered estate agencies within Bloemfontein. A total of 128 currently (October 2004) practising estate agencies were identified and contacted. Principals were provided with a questionnaire to complete. Seventy-five respondents completed the questionnaire. A separate questionnaire was compiled for principals of estate agencies than to that compiled for clients. Questions relating to the services delivered and the training of estate agents were contained in the questionnaire.

Research indicated that respondents (clients) were generally satisfied with the services delivered by estate agents. The results indicated that estate agents deliver a large number of the prescribed services. However, there are high levels of dissatisfaction in relation to the marketing strategy, discussion of transfer costs and the conducting of a Comparative Market Analysis by estate agents.

Further research indicates a tendency by estate agents to deliver higher levels of service the higher the selling price. It is also respondents within the higher selling price categories that experienced the most satisfaction with services delivered than other respondents. This applies to both buyers and sellers. Therefore, it is possible to determine that estate agents deliver more

and a higher quality of service to respondents selling / purchasing higher priced properties. This situation is also repeated in connection to age, in that estate agents tend to deliver more and higher quality services to younger clients.

In relation to estate agents respondents operating for a shorter period deliver fewer services than in relation to older estate agencies. Principals of younger estate agencies train their estate agents less often, and in fewer areas than the principals of older estate agencies. The areas respondent's train more often are primarily methods relating to the improving of sales and the Code of Conduct.

Estate agents identified the escorting of buyers through properties, the explaining of the Deed of Sale and the notification of the outcome of Offers as services that they always deliver. Respondents identified that they consistently deliver a large number of services to clients. However, the reduction of commission, in order to ensure a transaction, was not a frequent occurrence. Estate agents also identified that they do not maintain contact with clients after the registration of the property. In addition estate agents also indicated that the Code of Conduct was impractical in certain instances due to the fact that the Estate Agency Affairs Board does not regulate the industry.

It was suggested that estate agencies address the extent to which they deliver the services of marketing strategies, discussion of transfer costs, as well as

Comparative Market Analysis. An improvement in these areas could improve client perceptions of service delivery. Attention should also be given to the delivery of services to buyers aged over 50 as well as to sellers who are selling property priced below R250 000. These respondents indicated lower levels of satisfaction in relation to the services delivered by estate agents. Uniform service delivery is required. To help achieve this a standardised marketing strategy and Comparative Market Analysis form is provided.

OPSOMMING

Navorsing in verband met die kwaliteit van dienslewering van die eiendomsagentbedryf in Bloemfontein, is onderneem. Die doel van die studie was om die gehalte van dienslewering van eiendomsagente vas te stel. Daar is ook gepoog om vas te stel of die eiendomsagente in ooreenstemming met die Bestuurskode optree asook wat die beeld van eiendomsagente in Bloemfontein is. Beide eiendomsagente en kliënte is in die opname betrek. Die navorsing kan dus as 'n vergelykende studie beskou word.

'n Steekproef van 600 is uit 'n populasie van 3 000 kliënte gekies. Hierdie respondente het óf 'n eiendom gekoop, verkoop óf albei gedurende die navorsingstydperk van 2002 tot 2003. Respondente is geselekteer vanaf 'n lys wat van die Aktekantoor in Bloemfontein verkry is. Die lys het alle geregistreerde eiendomme gedurende die tydperk bevat. 'n Stelselmatige seleksieproses is gebruik om die steekproef van 600 te trek. Meer as vyftig persent van die steekproef (332) het die vraelys voltooi.

Die kliënte is in twee groepe verdeel. Die opname is gedoen deur 'n kombinasie van twee metodes te gebruik naamlik pos en telefoniese onderhoude. Respondente het 'n tweeledige vraelys deur die pos ontvang. 'n Afsonderlike gedeelte moes deur kopers en verkopers voltooi word. Indien respondente verkoop en gekoop het, moes hulle albei dele voltooi. 'n Lys van respondente wat die vraelys voltooi het, is gehou. Hierdie respondente is nie by die telefoniese onderhoude betrek nie. Respondente wat nie die

posvraelys voltooi het nie, is telefonies genader en dieselfde vrae as op die posvraelys is aan hulle gestel.

Slegs geregistreerde eiendomsagentskappe is by die navorsing betrek. Die Raad van Eiendomsagentskappe in Johannesburg is genader om 'n lys van alle geregistreerde eiendomsagentskappe in Bloemfontein te verskaf. In Oktober 2004 was 128 eiendomsagentskappe geregistreer en is om deelname genader. Die prinsipale is versoek om die vraelys te voltooi. Vyf en sewentig respondente het die vraelys voltooi. 'n Aparte vraelys is opgestel vir die prinsipale van eiendomsagentskappe as die vir kliënte. Die vraelys het bestaan uit vrae in verband met die dienste gelewer en die opleiding van eiendomsagente.

Die navorsing het aangetoon dat die respondente (kliënte) oor die algemeen tevrede met die dienslewering van eiendomsagente is. Die resultate het verder getoon dat 'n groot hoeveelheid dienste deur eiendomsagente gelewer word. Daar is aangetoon dat daar ontevredenheid bestaan oor die verskaffing van dienste soos die bemarkingsplan, bespreking van oordragkoste en die opstel van 'n Vergelykende Markanalise.

Die navorsing het verder 'n tendens aangetoon dat eiendomsagente beter diens lewer in die hoër prysklas eiendomme. Dit is ook die respondente in die hoër prysklasse wat meer tevrede was met die gehalte van dienslewering. Dit sluit net verkopers in. Eiendomsagente bied ook 'n beter kwaliteit diens aan jonger kopers in vergelyking met ouer kliënte. Die navorsing toon ook aan dat

opleiding aan eiendomsagente hoofsaaklik op die verbetering van verkoopsmetodes asook die Bestuurskode gerig is.

Eiendomsagente het aangedui dat die vergesel van kopers deur die eiendom, die verduideliking van die koopkontrak en die kommunikeer van die resultate van 'n aanbod, dienste is wat normaalweg deur hulle gelewer word. Eiendomsagente het ook aangedui dat die meerderheid van dienste waarvoor hulle getoets is, deur hulle gelewer word. Aan die negatiewe kant het dit geblyk dat eiendomsagente nie geredelik onderhandel oor die vermindering van kommissie nie en dat hulle nie kontak met kliënte behou nadat die eiendom geregistreer is nie. Sommige eiendomsagente het ook aangedui dat die Bestuurskode geen nut het nie, omdat die Raad van Eiendomsagente geen afdwingbare gesag het nie.

Dit word aanbeveel dat eiendomsagente aandag gee aan die mate waarby hulle sommige dienste lewer. 'n Verbetering in hierdie areas kan die kliënte se persepsie van die lewering van dienste verbeter. Eiendomsagente moet ook aandag gee aan die diens wat hulle aan die verskillende ouderdomskategorië en prysklasse lewer. Hulle moet probeer verseker dat hulle 'n eenvormige diens lewer ten spyte van ouderdom of prys. Om hierdie te behaal is 'n standard bemakingstrategië- en vergelykende markanalise vorm verskaf.

BACKGROUND OF THE STUDY

1.1 INTRODUCTION

In 1994 it was decided that it was no longer compulsory for estate agents to pass the Estate Agents Examination in order to become certified estate agents. This facilitated the entry of many more estate agents into the industry. Simultaneously there has been a decline in client rating of the quality of service offered by estate agents within the industry. This perception of poor quality is causing a negative impact on the industry, with more and more companies promoting the concept of selling property privately (Agente skiet op soos paddastoele, 2003: 5; Ghyoot, Rudansky-Kloppers and Strydom, 2002: online).

1.2 REVIEW OF THE LITERATURE

Preliminary research of the topic identified only one related study conducted in December 2002 by Ghyoot, Rudansky-Kloppers and Strydom, on relationship marketing and the estate agency's perception of it. This study analysed whether estate agencies within South Africa developed relationship marketing with their clients, primarily by means of offering a high quality of service. It therefore provided a point of reference for this study, which

investigated the quality of service delivery by the estate agency industry within the Bloemfontein metropolitan region.

1.2.1 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 (Kleindl, 2001: 8 and 9). Services marketing, while complex in nature, embraces this concept. A service may 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 – or on behalf of – the recipient of the service (Lovelock and Wright, 1999: 5).

Therefore, services marketing will be utilised by those companies whose market offering is a service. Estate agencies engage in service marketing. They do not physically sell, buy or transfer the immovable property; they facilitate clients in obtaining the property (Delpont, 1993: 16).

The above-mentioned definition is applicable to both the service sector and the manufacturing of tangible goods. This definition requires that two elements be considered. Firstly, clients do not always know what they want. Secondly that all clients are not the same. Therefore client service must always be flexible (Jay, 1999: 3).

1.2.1.1 *Characteristics distinguishing services marketing*

Service marketing has certain characteristics that distinguish it from the marketing of goods. Most notably is the fact that the traditional marketing mix is expanded with three additional elements namely, process, physical evidence and people. 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 may vary according to the economic climate and competition (Choosing an agent, [n.d]: online).

- * Place – requires decisions to be made as to when and where the service is to be delivered. Firms may deliver a service directly to customers or through an 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 buyer's name are examples. These processes may 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 client's perceptions of quality, as it should match their expectations of professionalism (Jay, 1999: 5).

1.2.1.2 *Special characteristics of services marketing*

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

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; this results in the inseparability of services. Services are unable to be separated from the service provider (Lovelock, 2001: 9).

Due to the fact that services are produced and consumed at the same time it is very unlikely that services will 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).

1.2.1.3 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 need to be distinguished from one another.

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 base the rating of the quality of service on the staff they had contact with (O'Toole and Donaldson, 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 may 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 determine how clients perceive the quality of service delivery (O'Toole and Donaldson, 2002: 148; Gummesson, 1999: 69).

1.2.1.4 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 experienced 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 (O'Toole and Donaldson, 2002: 153).

There are three standard types of service expectations. Firstly, service that exceeds clients' expectations. Secondly, delivered service refers to service clients perceive as reasonable and acceptable. Thirdly, underperformed service falls below clients' expectations of acceptable service (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, as mentioned in section 1.2.1.3 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 (Ziglar and Hayes, 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 clients' 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).

1.2.2 The estate agency industry

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

1.2.2.1 *Official regulatory bodies*

There is one official regulatory body namely the Estate Agency Affairs Board.

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, [n.d]: online).

1.2.2.2 *Voluntary regulatory bodies*

Multi-Listing Services as well as the Institute of Realtors are bodies that promote voluntary membership (Tips for buyers and sellers of property, [n.d]: online; Institute of Realtors of South Africa, [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. It performs a regulatory function in 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; Gericke, 2003: 9).

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).

1.2.2.3 *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.

1.2.2.3.1 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 (Appointing an estate agent, [n.d]: online; 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 will be analysed. (Sales and Acquisitions, [n.d]: online; Private huistransaksie kan verkoper duur te staan kom, 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 may be given the mandate to sell the property (Steps to take when buying a home, [n.d]: online; Fife, 1999: 90).

1.2.2.3.2 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 (Kyk voordat jy koop, 2003: XII; Advertensieborde ontsier woonbuurte, 2003: 8).

It is in this category where the predominant number of contracts are completed. Offers to purchase will be explained to all prospective buyers. Options and deeds of sale will be discussed with both the seller and the buyer (Spesifiseer intrekdatum in kontrak, 2003: VI; Delpport, 1993: 134).

1.2.2.3.3 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 may be achieved by the estate agent directly contacting the commercial banks or through the use of bond originators (Banke maak plan met makelaars, 2003: 11).

It is necessary to register ar 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, [n.d]: online).

1.2.2.3.4 After sales service

This refers to the means by which estate agents maintain contact with their clients after the registration of the property. A comparison between the selling of property privately as opposed to the use of estate agents (page 107) was included within this section (Private huistransaksie kan verkoper duur te staan kom, 2003: X).

1.2.3 Service quality instruments

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. The code was briefly summarised and the procedures for dealing with misconduct were explained (page 115 to 137). This is necessary in order to understand how unethical behaviour is addressed within the industry. The Fidelity Fund Certificate and the revoking of said certificate was examined (page 140). These are considered methods of improving service quality, as well as ensuring service quality within the industry (Delpont, 1993: 124).

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 also important to note that this industry falls under the jurisdiction of the Minister of Trade and Industry. The penalties for contravening this act are also to be noted on page 145 (What to ask the estate agent, [n.d]: online; Estate Agents Amendment Act, [n.d]: online).

1.3 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.

1.4 RESEARCH OBJECTIVES

The following are the research objectives of this study

1.4.1 Main objective

An analysis of the quality of service delivery by estate agents in Bloemfontein;

1.4.2 Sub objectives

- * To determine the image that consumers have of estate agents in the Bloemfontein region;
- * To obtain an understanding of the real estate industry through means of a comprehensive literature study;
- * To determine if ethical practices (as prescribed by the Code of Conduct) lead to improved quality of service delivery;
- * To determine if the quality of service is the basic reason for the poor image of the real estate industry; and
- * To provide guidelines to ensure a high quality of service delivery by estate agents as a means to improve the image of estate agents.

1.5 VALUE AND RELEVANCE OF THE RESEARCH

There has been very little research conducted on the estate agency industry in South Africa. This study contributes towards a better understanding of the services offered as well as the improvement of the quality of these services (Ghyoot, Rudansky-Kloppers and Strydom, 2002: 1).

Guidelines for high quality service delivery as well as possible solutions to common problem areas within service delivery which affect quality, are provided. It provides a basis for comparison that may be utilised by estate agents in determination of their service delivery quality. This study also

provides transparency into an industry that has generally not received much research exposure.

In terms of benefits to society, many consumers will at some stage or another require the services of an estate agent/agency. The delivery of a high quality service helps facilitate the buying and selling of property, which many regard as an excellent investment. Therefore the purchasing of a property will result in clients having a sound investment when they reach retirement age (Dreyer, 2003: 52).

In summary this study is important, as it improves the quality of service delivered as well as the complete process of buying and selling property. It therefore aims to improve the professionalism and regulation of an age-old industry by making recommendations in that regard.

1.6 RESEARCH METHODOLOGY

This section addresses the means by which the data was collected and processed.

1.6.1 Data collection

Data may be classified according to primary and secondary data. It may also be collected in various ways. The following is an outline as to how data was collected.

1.6.1.1 *Primary Data Collection*

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).

1.6.1.1.1 Estate Agencies

The Estate Agency Affairs Act No. 112 of 1976 dictates that all estate agents and agencies registered with the Estate Agency Affairs Board in order to practice. Due to this legal requirement, all registered estate agencies within Bloemfontein were included in the study. A census of the 128 practising registered estate agents within Bloemfontein was therefore conducted.

Data was gathered by means of a questionnaire that was personally delivered to all registered estate agencies with physical premises. This ensured that only the principals who were required to complete the questionnaire received the questionnaires. Registered estate agencies, which were Internet based and did not possess physical premises received E-mailed questionnaires addressed to the principal/manager. It was therefore a census of all estate agencies than a survey. If agencies did not reply, they were personally contacted to be reminded and, if necessary copies of the questionnaires were re-sent. A list was kept of all responses received; so as to prevent duplication of questionnaires sent out. Completed questionnaires were gathered personally.

1.6.1.1.2 Clients

Data was collected via questionnaires. In order to obtain recent responses all the residential properties bought and sold in Bloemfontein within the last two years (2002 and 2003) were analysed. This was accomplished by contacting the deeds office where all title deeds were publicly available for inspection (Delpont, 1993: 18).

These title deeds provided erf numbers that were translated into physical addresses by contacting the Bloemfontein Municipality, and inspecting the valuation roll.

The following table indicates the number of properties registered in 2002 and 2003.

Table 1.1 Numbers and value of properties in Bloemfontein

BLOEMFONTEIN DEEDS OFFICE		
<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
TOTAL	3 000	341 021 657

Source: Mrs L. Mostert, Bloemfontein Deeds Office

Table 1.1 illustrates that during the period 1 January 2002 to 31 December 2003, the number of properties registered in Bloemfontein were 3 000. Financial and time constraints were the main reasons for the selection of a sample. Accordingly an affordability method of selecting a sample size was selected. In section 1.6.4 it will be explained how the sample was selected, as well as the size of the sample selected (Shao, 1999; 357).

Questionnaires with accompanying self-addressed envelopes were sent to all of the selected respondents. This questionnaire was divided into two sections. The first section was addressed to sellers; the second section targeted buyers. This two-part questionnaire also made provision for the occurrence of two separate situations. The first situation occurred when buyers had not previously owned property. These buyers are referred to as first time buyers. The second situation arose when sellers did not re-purchase property after selling the original property due to economic or other considerations. The two-section questionnaire ensured that both buyers and sellers were targeted in equal quantities.

To maximise the response rate telephone interviews were also utilised. These were conducted through Computer Assisted Telephone Interviews (CATI). The same questionnaire was used for both the mail and telephone survey. Telephone interviews were conducted once the mailed questionnaires had been received from respondents (Cant, Gerber-Nel, Nel and Kotze, 2003: 84 and 85).

These questionnaires provided the data that was analysed with the aid of a computer programme. The Statistical Programme for Social Studies (SPSS) was the preferred programme. This programme helped identify problem areas as perceived by consumers.

1.6.1.2 Secondary data collection

According to Ghyoot, Rudansky-Kloppers and Strydom (2002: 1) not much research has been conducted on this industry. In light of this very little secondary data was available. The records of the Estate Agents Board in connection with registrations of estate agencies within the Bloemfontein region, as well as all records of complaints and praises lodged with the Board within the last two years concerning estate agents/agencies within Bloemfontein were investigated. This provided a basis for comparison between consumer and estate agents' perception of quality service. It also assisted in the determination of problem areas in service quality.

Databases such as Dialog, Navtec and UCTD were consulted to obtain any other research conducted on the same topic as well as related topics.

Textbooks were consulted in order to gather theoretical information on service marketing and quality management. Articles appearing in magazines were also utilised to provide information on both service marketing and the estate agency industry. Financial magazines were utilised due to their specialisation in terms of the estate agency industry. Internet based sources were also a

source of secondary data. Due to the relative lack of published research and information on the estate agency industry, newspapers comprised a major source of secondary data, especially those containing articles authored by professionals within the industry. The selected newspapers were local as well as national publications.

1.6.2 Limitations

This study was limited to the Bloemfontein region, as a result of financial constraints. The substantial number of registered estate agencies within South Africa also proves to be a restricting factor. Within South Africa there are 8 121 registered estate agencies. In Bloemfontein alone there are approximately 1 200 registered estate agents employed by 100 estate agencies. It was therefore decided to survey the principals rather than the individual estate agents, as the principals are the main determinants of the quality of service delivered by their estate agents (MLS Sukesvol in Bloemfontein, 2003: VIII).

A second limitation concerned time period. In terms of clients who had bought or sold their properties a time period of two years has been selected. In other words only those that have bought or sold property within the last two complete years (2002 and 2003) were eligible for inclusion within the study. People involved in property deals earlier than two years were not considered because of the client's ability to recall accurately the quality of service received. Clients that purchased property two or less years ago, were more

likely to recall the quality of service they received as opposed to a client who purchased property more than two years ago.

The ease with which estate agents and agencies enter the industry, made it possible that estate agents/agencies that existed more than two years ago do not exist today (Agente skiet op soos paddastoele, 2003: 5). In addition in 1998 and early 1999 the interest rates soared, thereby affecting the industry and clients as well. This caused much caution when purchasing property, and there was a decline in activity within the industry. The last two years have seen a period of relative stability in terms of interest rates and therefore provided a period for analysis where very few external factors distorted the result of the study.

This study was limited to the buying and selling services offered by the estate agency industry. Estate agencies offer many services such as leasing and the management of sectional titles complexes. However the buying and selling of property constitutes the service with which most clients are familiar, and is a service that is under the regulation of the Estate Agency Affairs Act as well as the Estate Agents Board.

1.6.3 Data processing

The data collected from the questionnaires were processed by means of a computer programme known as SPSS (see page 20). Frequency tables were utilised in order to determine how many respondents answered particular lead questions.

As this study was meant to prove or disprove the poor image of the estate agency industry, a Chi-square test was an appropriate method of data processing. This study provides a comparison between estate agencies and clients, therefore a Chi-square test of two independent samples was utilised (Gates and McDaniel, 2001: 421).

1.6.4 Sample method and size

A census of all registered estate agencies operating within Bloemfontein was utilised rather than a sample (Ghyoot, Rudansky-Kloppers and Strydom: 2002: 3).

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

The following is an illustration as to how the sample was selected. Accordingly 20% of a 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 erf number was selected. In order to determine the starting point

an arbitrary point was selected on a table of random digits. Accordingly the erf number which corresponded the most with the arbitrary point was selected as the starting point. The valuation roll provided the addresses of the selected erf numbers, to which the questionnaires were sent. These erf numbers were selected and the valuation roll provided the addresses to which the questionnaires were sent.

Addresses derived from the valuation roll were then utilised to determine the relevant telephone numbers of respondents.

1.7 PILOT STUDY

The pilot study was conducted on three estate agencies within the Bloemfontein region. This was to test the validity and reliability of the questionnaires drawn up for the estate agencies.

For buyers and sellers, six clients, namely three buyers and three sellers, were subjected to the pilot study questionnaires. All agencies, purchasers and sellers included within the pilot study were excluded from the actual study.

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1.8 RESPONDENTS

There were two main groups of respondents namely estate agents/agencies and clients. Clients were separated into two separate groups, namely purchasers of property within the last two years, and the sellers of property within the last two years.

1.9 CHAPTER CONTENT

CHAPTER ONE consists of a description of the background to the study.

CHAPTER TWO concerns the discussion of services marketing in order to be able to distinguish between the marketing of services and goods. Client satisfaction in connection with client expectations and perceptions is discussed.

CHAPTER THREE examines the services offered by estate agents/agencies within the industry. These services are categorised into four separate categories in order to distinguish between the different processes. A comparison between selling privately and making use of estate agents is also provided.

CHAPTER FOUR analyses the service quality instruments within the industry. The Code of Conduct and the standard procedures for dealing with

misconduct are discussed. Furthermore, the Estate Agents' Fidelity Fund Certificate and the use of licence inspectors are analysed as measures to ensure service quality.

CHAPTER FIVE concerns the research methodology employed within the study. It includes the data collection methods and procedures utilised to analyse the data.

CHAPTER SIX describes the empirical study and the results of the survey.

CHAPTER SEVEN discusses the results of the empirical study as well as the recommendations derived from it.

SERVICES MARKETING

2.1 INTRODUCTION

The unique nature of services as well as the marketing of services will be examined within this chapter.

Marketing is often defined as the process of identifying and satisfying the needs and wants of clients, by providing a market offering to fulfil those needs and wants, through an exchange process profitably (Miller and Layton, 2001: 7).

Services' marketing, while complex in nature, embraces this concept. A service can be defined as an act or performance that is offered by one party to another. The act or performance may be tied to a physical product, however the process is intangible. Due to this intangibility there is normally no ownership of the factors of production. By bringing about a desired change in - or on behalf of - the recipient of the service, services create value and provide benefits to clients at specific times and places (Lovelock and Wright, 1999: 5).

The above-mentioned definition of services marketing requires that two additional elements be considered. Firstly, clients do not always know what

they want and secondly, all clients are not the same. Therefore client service delivery should be flexible. Consequently it is imperative that a client's individual needs are identified and met by the service provider (Jay, 1999: 3).

Services' marketing entails satisfying consumer needs and wants through the service offered by a specific service provider. The real estate industry represents a well-known method of services marketing. Estate agencies do not physically sell or buy the immovable property; they facilitate clients in obtaining the desired property. Superior levels of quality service results in loyalty from clients, thereby increasing the number of retained clients (Faulkner, 2003: 17).

2.2 NATURE OF SERVICES MARKETING

Special characteristics form the starting point for the examination of services marketing. The discussion of the special characteristics of services is followed by a discussion of the services marketing mix to further highlight the nature of this type of marketing. It is followed by the classification of services and the types of interaction.

2.2.1 Special characteristics of services marketing

It is important to note that these characteristics are generalisations and do not apply equally to all services. The characteristics are discussed in the next few paragraphs.

2.2.1.1 *Clients do not obtain ownership*

Clients usually derive value from services without obtaining permanent ownership of any tangible elements associated with service delivery. Services marketers may offer clients the service of hiring a physical object like a motor vehicle in exchange for a sum of money, however the client does not become the owner of the motor vehicle. There are exceptions - clients do obtain ownership of any spare parts that are installed during a repair and maintenance service. Due to the fact that clients do not obtain ownership of the service, timing often becomes an important denominator. It is especially true when determining the relevant cost which requires time-based calculations (Harrell, 2002: 337).

2.2.1.2 *Intangibility*

The service performance tends to be intangible. Benefits are derived from the nature of the performance. Therefore, although tangible elements are involved, services cannot be touched, tasted or seen. The actual service is only an experience to the client. As a result of the intangibility of services

clients find it difficult to evaluate and measure services in terms of value and quality. Clients tend to look for evidence of quality in other attributes such as the décor of the service provider's office (Lovelock, 2001: 11).

2.2.1.3 *Inseparability*

Services are produced and consumed simultaneously. As a result it is difficult to separate the service from the service provider. The main outcome of inseparability is that service providers are an important part of the service itself, as they are an essential ingredient in the service experience for the client. Clients may also be involved in creating the service themselves, as in the case of Automatic Teller Machines, or through interacting with the service personnel. Clients often come into contact with other clients utilising the same service. The type of clients patronising a particular service business help define the nature of the service experience, and in this way form part of the service. Service businesses gain a great deal by educating clients and making them more competent in the roles they fulfil during the service process (Lovelock and Wright, 1999: 15).

2.2.1.4 *Heterogeneity / variability*

As mentioned previously services are produced and consumed simultaneously. In addition individual people form part of the service. These factors result in it being impossible for a specific service to be repeated in exactly the same way as previously. This degree of uniqueness may cause

concern to be raised with regard to the quality of the service delivered as well as uniformity issues. As no two clients are precisely the same each will have unique demands. The result is a need for variability within the service offering. Clients are also likely to experience the service in unique ways. It is apparent that heterogeneity is the result of human interaction between employees and client. Furthermore, heterogeneity is caused and increased by variability in operational inputs (Zeithaml and Bitner, 2000: 13).

2.2.1.5 Perishability

Services are perishable and cannot be stored. Typically, there is an absence of inventory. To illustrate, a buyer who delays submitting an offer on a particular property, may lose the opportunity to purchase the property he/she desires, as another prospective purchaser submitted an offer in the interim. As a result delivery systems may involve both electronic and physical channels in order to expedite service delivery (Bateson and Hoffman, 1999: 12 and 13).

2.2.2 Service marketing mix

The special characteristics that distinguish services marketing, from the marketing of physical goods for example, result in specific marketing implications. Most notably is the fact that the traditional marketing mix is expanded with three additional elements, namely process, physical evidence and people. The marketing mix therefore consists of the seven variables;

product, price, place, promotion, physical evidence, people and process. The variables of the services marketing mix are discussed in the following paragraphs (Seven variables of the marketing mix, [n.d]: online).

2.2.2.1 *Product*

Lovelock and Wright (1999: 14) define product as the core output, which may be either a service or a product, supplied by a business. For this reason, while services are intangible, the service offering is also referred to as product. Services may have tangible features, such as food in a restaurant, that is an integral part of the service. Pure services involve no tangible aspects. Due to the intangibility of services, clients, seek benefits to which to attribute value and perceptions of quality. Therefore all the components of the service are selected with reference to the benefits desired by clients thereby creating value for clients. With reference to the real estate industry, a profile of the buyer's needs is created in order to determine the appropriate properties to show him/her (Lovelock and Wright, 1999: 14 and 18; Real estate sales commission, [n.d]: online).

Service offerings are comprised of all aspects, both tangible and intangible, that are designed to satisfy specific needs. In service, productivity refers to how efficiently service inputs are transformed into outputs, which add value for clients. The special characteristics of services make it difficult for clients to easily determine quality. Quality in service marketing refers to the degree to

which a service satisfies clients by meeting their needs, wants and expectations (Lovelock, 2001: 17).

2.2.2.2 *Price*

Price concerns the various costs, which are incurred by clients in obtaining the benefits from the service. Price does not refer solely to the selling price. Price may also include expenditure in terms of money, time, mental and physical efforts as well as negative sensory experiences (noises and smell) incurred in the purchasing and consumption of a service. The selling price may be determined in accordance with the amount of time spent with the service provider, or as a percentage of the selling price as in the case of estate agents (Choosing an agent, [n.d]: online).

2.2.2.3 *Place*

Decisions need to be made as to when, how and where the services are to be delivered to clients. Businesses may deliver services through physical or electronic channels. Service providers may even elect to deliver through both channels, depending upon the nature of the service. It is also possible for service companies to utilise intermediary organisations. These intermediary organisations receive a fee or percentage of the selling price for performing certain tasks associated with either the service or client contact (Seven variables of the marketing mix, [n.d]: online).

2.2.2.4 *Promotion*

Promotion involves all communication activities and incentives that are specifically designed to build client preference for a specific service or service provider. Service businesses also aim to educate clients through promotion, especially new clients. Communication plays three vital roles. It will provide information as to the benefits of the service. It will indicate where and when to obtain it, as well as how to participate in the service process. Promotion will also persuade target clients to use the services of a specific service provider, inform them of the merits of a specific service, as well as encouraging clients to take action at specific times. Service providers may communicate with clients via salespeople, and media such as television and radio to name a few. The manner in which these communication methods are combined will depend upon the type of service involved (Lovelock and Wright, 1999: 19; Jain, 2003: 510).

2.2.2.5 *Physical evidence*

Physical evidence refers to the environment in which the service is delivered and where the service provider and the client interact, as well as any tangible components that facilitate the performance or communication of the service. It is clear that the appearance of buildings, interior furnishings, staff and printed materials, as well as any other visible cues provide tangible evidence of a business's service quality. Businesses should manage physical evidence carefully as it may have a profound impact on a client's impressions,

especially with services that have few tangible elements. Clients rely on tangible cues in order to be able to judge the actual quality of the service. Location and décor will influence a client's perceptions of quality, and it should match his/her expectations of professionals (Jay, 1999: 5).

2.2.2.6 *Process*

Process is the actual procedures, mechanisms and flow of activities by which the service is delivered - the service delivery and operating systems. It refers to the particular method of operations or series of actions, involving the steps that are needed to occur in a specific defined sequence. Processes can either follow a standardised or customised approach. Customised services are tailored to meet each client's specific needs and preferences. Standardisation reduces variation in service operation and delivery (Peppers, Rogers and Dorf, 1999: 124).

Processes that are highly bureaucratic, slow, and ineffective, will create negative perceptions with regard to service quality. Poor service processes may also inhibit staff from delivering high productivity levels (Steps to take when buying a home, [n.d.]: online).

2.2.2.7 *People*

People as a variable of the services marketing mix refers to all the people involved in service delivery that may influence the buyer's perceptions. These

people may include the business's personnel, the clients themselves, as well as other clients present in the service environment. Many types of services depend upon the direct, personal interaction that occurs between the service provider's employees and their clients. These interactions will strongly influence the client's perceptions of the quality of the service. Clients will judge the quality of the service on the basis of their assessment of the people who provide the service. Recruitment, training and motivation of staff are therefore critical. Often the service provider or contact person is regarded as the service. In certain services the clients themselves will influence service delivery, thereby affecting service quality as well as their own satisfaction. Clients may also influence other client's service outcomes by either enhancing or detracting from the other client's experiences. Therefore businesses may seek to manage client behaviour (Lovelock, 2001: 17).

2.2.3 Classification of services

Over time services, as well as the service sector of the economy, have been defined in subtly different ways. This has created a broad definition that encompasses many different industries that offer a variety of services. To provide a more differentiated view, services are classified according to certain acceptable methods (Zeithaml and Bitner, 2000: 3):

2.2.3.1 *Methods used to classify services*

The following is a brief discussion of those techniques utilised as classification methods.

- * The end user of the service may be utilised. The client may be the direct recipient of the service, such as in the hairdressing industry. The end user may be another business. In this case the service provider provides his/her service to another industry, as is the case in the advertising industry (Peppers, Rogers and Dorf, 1999: 63).

- * The degree of tangibility may also be utilised to classify services. Certain services may have a high degree of tangibility. This is represented by the car rental industry. The service may be linked to a tangible item. This is usually concerned with the service and repair of the tangible item. Pure services are those that do not have a high degree of tangibility associated with the service. This is most commonly associated with legal services (Cheales, 2002: 2).

- * The time and place of the service delivery may also classify the service. Certain services may only be provided at the service provider's offices. Other services may be delivered directly to clients. Delivery itself may occur through physical or electronic channels. Some services may accommodate physical delivery, such as the postal industry, while others may be sold via the Internet (Lovelock, 1999: 18).

- ✳ Services may be customised or standardised. Customisation allows service features to be adapted to meet the individual requirements of clients. Standardisation occurs when all clients receive the same service, like a fixed bus route. It is possible to provide a combination of standardisation and customisation in relation to services (Miller and Layton, 2001: 17).

- ✳ Services may be classified on the basis of the degree of relationships that are formed between the service provider and the client. A service provider may be able to develop a system where the business knows each client, and all transactions are individually recorded and attributed. Other services may involve unidentified clients using the service once with no likelihood of regular repeat uses. The nature of the service will determine whether the service lends itself to the development of these relationships. Whether the service is labour intensive or equipment-based, service may affect relationship development. Services referred to as people based services are high contact services that can not be performed without staff to perform the service; education is a practical example. Low contact or equipment-based services may be performed without the presence of staff members; this is illustrated by a car wash. It is also possible to use these as classification criteria (Harrell, 2002: 337 and 338).

- ✳ The expertise and skills required to perform the service may also be utilised as classification tools. A high degree of expertise and skills may be necessary, within certain services, in order to establish credibility. This

occurs mainly with professional services, such as medical services. Non-professional services such as casual labour will require a lesser degree of skills and expertise. Service providers may also operate solely for the purpose of profit, while others may provide services free of charge. The banking industry and charities are examples of these respectively (Gummesson, 1999: 69).

2.2.4 Type of interaction

The different types of interaction play a pivotal role in services marketing. It is necessary to be able to distinguish the different types of interaction from each other. It is a period of time during which clients interact with the service operation. This interaction may affect clients' perceptions of quality. The type of interaction is also known as the service encounter.

The first type of interaction occurs between the service provider (front-line staff) and the client. This high contact service occurs where the client visits the service facility in person. The client will formally receive the service offering from the service provider. Clients will often rate the service suppliers performance based on their dealing with the staff they had contact with (O'Toole and Donaldson, 2002: 147).

A professional approach by these staff members will retain profitable clients by offering superior client service. Direct interaction requires the client's direct

participation. It also allows for the client to provide all-important feedback to the business (Peppers, Rogers and Dorf, 1999: 94).

The second possible interaction occurs between the client and the service provider's agents or representatives. It is possible in services marketing for an agent to deliver the service to the client. As a result it makes it difficult for the service provider to control the quality of service delivery by the agent. This is a medium contact encounter and requires less direct involvement with the service provider. In order to ensure client satisfaction and a favourable perception of the quality of service, providers will need to select a reputable agent (Lovelock, 2001: 57).

The third form of interaction is client-to-client interaction. Interaction between clients result in the clients themselves making up part of the service. The clients therefore partly produce the service. An example would be a restaurant where the clients themselves determine the atmosphere and ambience. The service provider may ensure that the décor of the restaurant is inviting, but the actual service quality relies upon the participation and interaction of the clients. Unfortunately a limited group of clients may ruin the quality of service for the other clients present (Gummesson, 1999: 67 and 68).

The fourth type of interaction occurs when clients interact with the service facilities or automated systems offered by the service provider. This low-contact service encounter requires no contact to occur between the client and

the service provider. Instead contact is made via an electronic medium. Clients thereby create their own service. This type of interaction is as important as the previous types of interaction (Bateson and Hoffman, 1999: 37).

It is important that the system is easy to operate and that the environment provided is safe and serviceable. Systems should operate efficiently and effectively and should meet the needs of clients. The interaction with the service providers systems such as Automatic Teller Machines, as used by banks, will often determine how clients perceive the quality of service delivery (Lovelock, 2001: 92).

2.3 QUALITY OF SERVICE AND CLIENT SATISFACTION

Clients' expectations and perceptions determine the quality of the service that they experience. These will ultimately determine satisfaction, as well as whether the service experienced was of a high or low quality. Feelings about satisfaction with regard to services are highly dependent on clients' prior expectations. It is therefore imperative that the service provider determines what clients want, and how best to satisfy those wants (Weallens, 2003: 5 and 6).

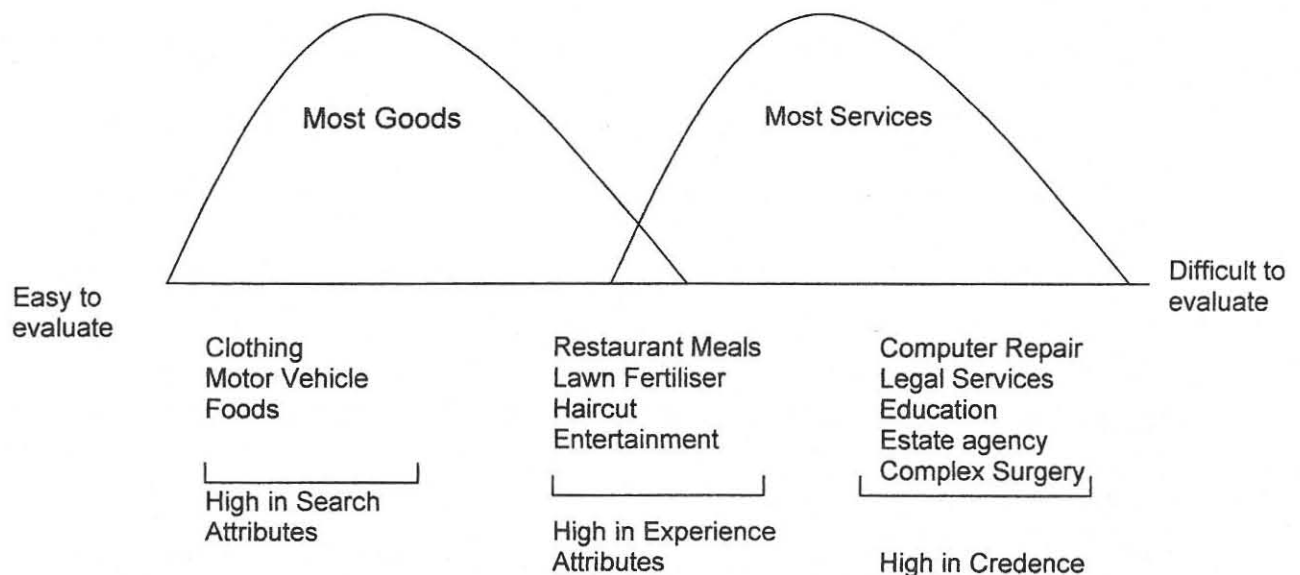
Communication concerning the level of service delivery guaranteed by a business may influence client expectations. This influence may minimise the

difference between what clients expect and what they actually receive. The quality of service delivered must be as close as possible to what the client expected. In order to determine the quality of service from a client's perspective it is necessary to understand the gap that occurs between the client's expectations and perceptions (O'Toole and Donaldson, 2002: 153).

2.3.1 Client evaluation of service quality

Evaluation of service quality is difficult. Primarily services are evaluated on the basis of a continuum of product attributes. The following figure provides a graphical illustration of the product attributes continuum.

Figure 2.1 Continuum of product attributes



Source: Adapted from Lovelock (2001: 118).

This figure arranges services and goods high in search, experience and credence qualities along a continuum of evaluation, ranging from easy to evaluate to difficult to evaluate. As illustrated goods that are high in search qualities are situated to the left of the continuum. Services high in experience and credence qualities are situated from the centre of the continuum to the right of the continuum (Lovelock and Wright, 1999: 92).

A more in-depth discussion of the three types of qualities is now appropriate.

2.3.1.1 *Search qualities*

Search qualities or attributes are mostly utilised in connection with physical goods. These attributes facilitate the evaluation of products relative to one another. Features such as style, texture, and taste, allow consumers to test the product prior to purchase. These tangible attributes help clients evaluate and understand what exactly they will receive in exchange for payment, thereby reducing risk and uncertainty associated with the product. Therefore products are compared and studied before a selection is made. These products include clothing and furniture (Harrell, 2002: 342).

The special characteristics of services prevent the comparison of services relative to one another. Services are low in search qualities. Services lack the tangible aspects necessary for the comparative purposes of this continuum (Harrell, 2002: 342; Lovelock and Wright, 1999: 67).

2.3.1.2 *Experience qualities*

Experience qualities are properties that cannot be evaluated prior to purchase. The amount of pleasure or satisfaction cannot be assessed until it has been used. Only once the service has been consumed can the client decide whether it met, did not meet, or exceeded, their expectations. Improvements may also be suggested that would lead to an improved service quality. Although brochures may be examined there is no actual experience with the service. Thus the service cannot be evaluated. Furthermore it is not always possible to rely on information derived from friends when evaluating these services, as different people interpret or respond to similar stimuli differently (Lovelock, 2001: 117).

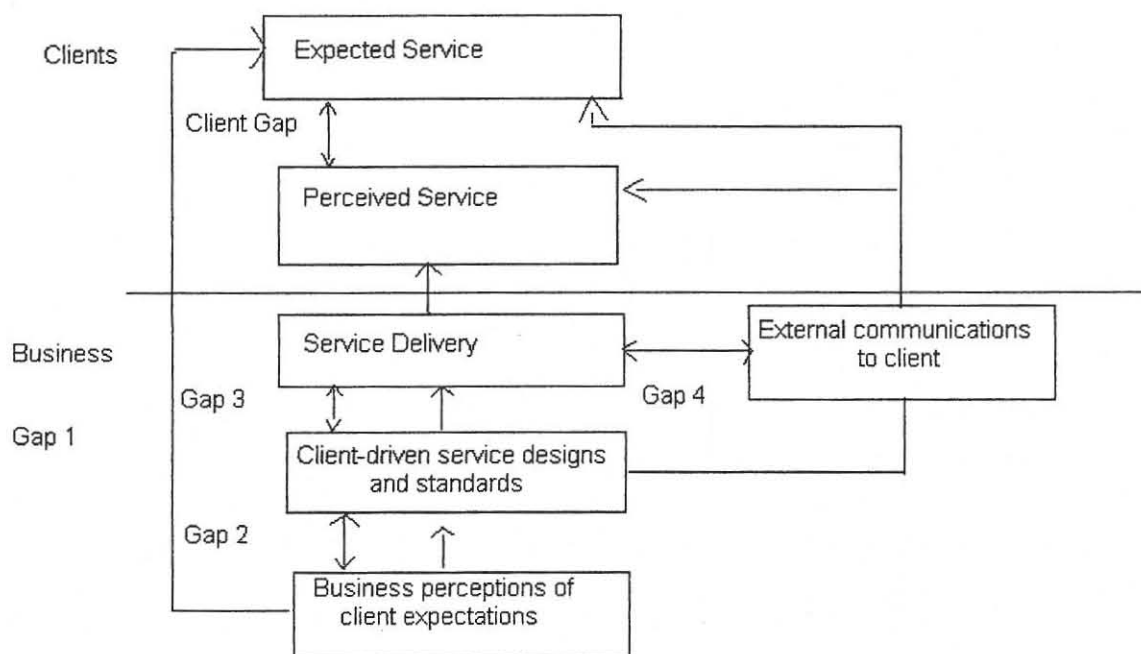
2.3.1.3 *Credence qualities*

Credence qualities are primarily applicable to services. These are characteristics that the client may find impossible to evaluate before, during, or even after, consumption. The client is forced to trust that benefits have been delivered, even though it may be difficult to document these benefits. The more intangible the service the higher the credence qualities involved. Services high in credence qualities are the most difficult to evaluate as clients may lack sufficient knowledge to determine whether the service satisfies their needs and wants, even after consumption. To illustrate a medical diagnosis is almost impossible for clients to assess, due to a lack of sufficient knowledge (Zeithaml and Bitner, 2000: 31).

2.3.2 Gaps Model

The following discussion and figure illustrate the gap that occurs between the client's expectations and perceptions. It also describes potential causes of the gap.

Figure 2.2 Gaps Model



Source: Adapted from Zeithaml and Bitner (2000: 26).

The main focus of the Gaps model is the customer/client gap, which is the difference between client expectations and perceptions. Expectations are the reference points clients have regarding a specific service experience. Perceptions reflect the service as actually received. Zeithaml and Bitner (2000: 26) believe that the best way to close this gap is to correct the

provider gaps. Correction of the provider gaps will in turn lead to client satisfaction and the establishment of long-term relationships with clients (Zeithaml and Bitner, 2000: 26).

A discussion of the various provider gaps, the causes thereof and potential remedies will clarify the gaps-model further.

2.3.2.1 Gap 1: Knowledge gap

Lack of knowledge about client expectations refers to the difference between the client's expectations of services and the company's understanding of those expectations. The knowledge gap is the root cause of the non-deliverance of service expectations. There are many reasons for the occurrence of this gap. Inadequate market research may prevent the thorough understanding of client expectations. The lack of communication and interaction between clients, managers, employees and other stakeholders may also contribute towards this gap. Non-segmentation of the market, as well as the failure to establish relationships with clients will further aggravate the lack of knowledge concerning client expectations (Lovelock and Wright, 1999: 93).

To improve the quality of service the business will need to acquire accurate information pertaining to client expectations. Formal or informal research may be conducted to acquire this information. The business will become aware of the client's expectations and, as a result it will increase the company's

understanding thereof. Clients are no longer satisfied with homogeneous services (Peppers, Rogers and Dorf, 1999: 63). A degree of customisation is preferred. Segmentation will group clients with similar requirements. Segments of clients will be targeted with services and strategies that satisfy that specific segment's needs better than competitive offerings.

Relationship marketing will establish long-term partnerships with clients. Technology allows vast quantities of data on clients to be developed. Both will allow the business to be aware of change needs and expectations of clients (Miller and Layton, 2001: 15).

2.3.2.2 *Gap 2: Incorrect selection of service designs and standards*

Incorrect selection of service designs and standards refers to the difference between management's perceptions of client expectations and the translation of those perceptions into service quality specifications. A pre requisite for the presence of service designs as well as performance standards that reflect accurate perceptions is client-driven standards which are based on pivotal client requirements that are able to be measured (O'Toole and Donaldson, 2002: 150).

Incorrect selection occurs for a variety of reasons. Service providers may feel that a client's expectations are unreasonable. It may be believed that the setting of standards cannot be achieved due to the degree of variability inherent in services. The main cause of incorrect selection is the absence of

client-driven standards due to a lack of management, and company commitment may prevent the development of appropriate service designs and standards. In order to close this gap, service standards should exist. It is imperative that these standards accurately represent the client's expectations (Wealleans, 2003: 5).

Strategic measurement systems will also assist in closing the gap. Measurement systems are important barometers of client satisfaction. To ensure that the problem of incorrect selection in respect of service designs and standards is overcome, detailed knowledge of the client's desires is required. A response to that desire is then built into the service operating system (Bateson and Hoffman, 1999: 342).

2.3.2.3 Gap 3: Non-deliverance of service standards

Non-deliverance of service standards is the discrepancy between the development of client-driven service standards and the actual service performed by company employees. Although guidelines for service performance exist, it provides no guarantee that high-quality service is performed. The standards set by the company must be supported. The company must facilitate, encourage and require the achievement of standards. It can be achieved by providing resources such as people, systems and technology. Ensuring that the appropriate resources are available timeously will help to close this gap (Murphy, 2001: 108).

Inadequacies within the company's human resource policies may cause the occurrence of non-deliverance of service standards. Ineffective recruitment, inappropriate evaluation and compensation systems are examples of such deficiencies and inadequacies. Clients themselves may be another contributing factor. If clients do not fulfil their roles within the service process properly it may jeopardise the service quality. It may even impact negatively on other clients (Wealleans, 2003: 6 and 7).

In order to overcome the problem of inadequate human resource policies, the company should improve internal practices. New practices will be developed and introduced with regard to the training, motivation and feedback of staff. Institution programmes that aim to teach clients how to perform their roles properly may solve the problem created by clients (Jay, 1999: 6 and 7).

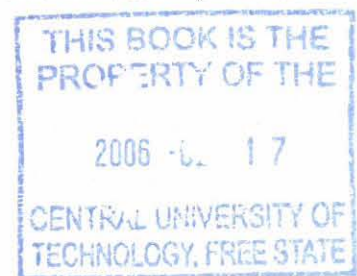
2.3.2.4 *Gap 4: Non-performance of promises*

Differences between service delivery and the service provider's external communications are illustrated by the non-performance of promises. It refers to the explicit promises conveyed through media and the sales force of the company. External communication may raise the clients' expectations and affect their perceptions of service quality. These expectations serve as the standard according to which service quality is assessed. A discrepancy between the actual and promised service will broaden the client/customer gap (Ziglar and Hayes, 2001: 300 and 304).

According to Mariotti (2000: 132) the gap may occur as a result of over-promising in advertisements, personal selling, or in physical evidence cues. A breakdown in co-ordination between the employees responsible for delivering the service and those responsible for promoting the service is indicated by non-performance of services. Employees that do not understand the reality of service delivery may make exaggerated promises. Unrealistic expectations caused by misleading communication, especially with regard to pricing, result in client dissatisfaction with the service received. There may also be a failure to communicate aspects of the service that will benefit clients particularly well. Effective co-ordination of service delivery and external communication is essential. Communication of an external nature may therefore aggravate the customer/client gap by raising client expectations about service quality. It is important that communication is managed to prevent inflated promises (Mariotti, 2000: 133).

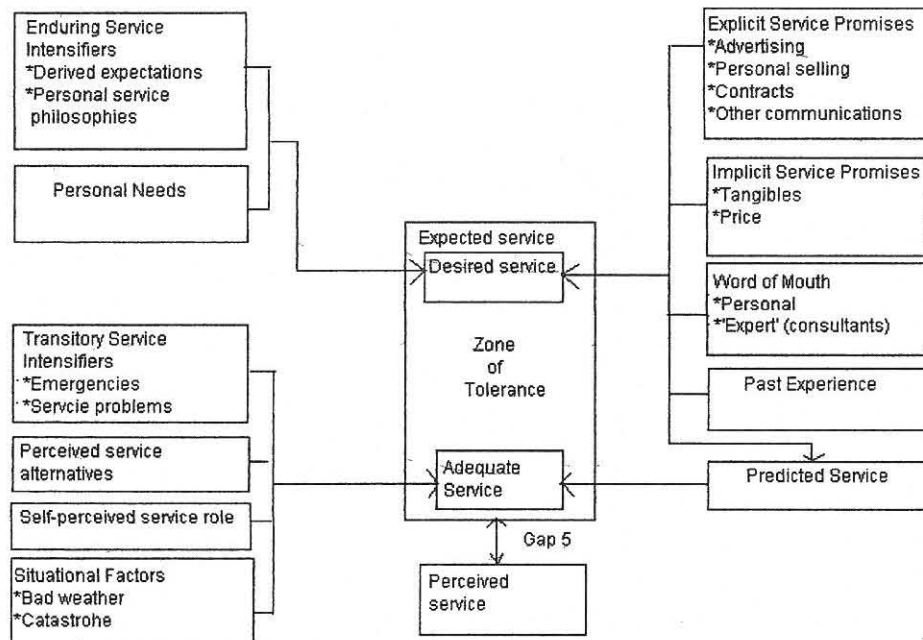
2.3.3 Standards of service expectations

Murphy (2001: 61 and 62) emphasises different levels of client expectations. Firstly, service that exceeds clients' expectations. Secondly, service perceived as reasonable and acceptable. Thirdly, under-performed service that falls below clients' expectations of acceptable standards. These levels are also referred to as desired service, adequate service, predicted service and a zone of tolerance that falls between the desired and adequate service levels. Often expectations and needs are used interchangeably. Expectations are more conscious and specific, while needs tend to be



unconscious and general. Dissatisfaction due to a failure to meet expectations may be corrected. However, failure to satisfy a client's needs may result in the client leaving the business. Exceeding client expectations may result in increased customer loyalty. Client expectations are illustrated in Figure 2.3.

Figure 2.3 Client expectations of service



Source: Adapted from Zeithaml and Bitner (2000: 63).

From the figure it is clear that there are different levels of expectations, as well as various factors affecting the respective levels.

2.3.3.1 *Desired service*

Desired service refers to the wished for level of service quality that a client believes can and should be delivered. Desired service is the type of service clients hope to receive. While many clients would like to receive an ideal service, they do not usually have unreasonable expectations. Clients understand that it is impossible for companies to continually deliver the best possible service. Personal needs and wants determine these levels. They stem from any of a variety of social, physical and psychological sources. Enduring service intensifiers are factors that allow clients to be sensitive to a specific service. Clients that happen to be service providers themselves tend to be more sensitive to service delivery quality. Further personal service philosophies may influence the desired service level (Bateson and Hoffman, 1999: 27).

2.3.3.2 *Adequate service*

The minimum level of service that a client will accept without experiencing dissatisfaction is referred to as the adequate service level. Anticipated performance of perceived service alternatives, as well as situational factors related to the use of a service on a specific occasion would help set this expectation level. Promises made to the client, whether implicit or explicit, may be reflected within the level of adequate service. Expectation levels vary from industry to industry. The level of adequate service is also dependent upon the nature of the service. In addition individual clients will form their own

unique levels of service expectations. Adequate service is therefore a lower expectation, as it concerns the minimum level of performance acceptable to clients. It reflects the level of service clients believe they will get on the basis of prior experience with the service (Lovelock and Wright, 1999: 91).

Transitory service intensifiers may influence the adequate service level established. These short-term factors raise the minimum acceptable level of service, as they are associated with crises or emergency situations. Perceived service alternatives may raise or lower the minimum standard. If there is an abundance of alternative service providers for the same service, clients tend to become more selective. In turn the minimum acceptable level of service is increased. The extent to which clients realise their participation in the service process is referred to as the self-perceived service role, and is a factor affecting the level of adequate service. Situational factors represent circumstances in which clients are aware that there are problems beyond the control of the service provider (Zeithaml and Bitner, 2000: 50).

2.3.3.3 *Predicted service*

Predicted service refers to the level of service clients actually expect to receive from the service provider during the service encounter. It is therefore the level of quality clients believe they will receive from the service provider. Anticipated service levels directly affect the client's level of adequate service. If a high quality of service delivery is predicted, the adequate service level will

be higher than in the case where less than optimal service delivery is predicted (Lovelock, 2001: 115).

2.3.3.4 Zone of Tolerance

This is the range within which clients are willing to accept variations in service delivery. The inherent nature of services makes it difficult to deliver a consistent quality level of service. The zone of tolerance is therefore the extent to which clients are willing to accept this variation. Service below the adequate service level will cause dissatisfaction. By contrast a level of quality that exceeds the desired level will cause contentment, loyalty and appreciation. The zone of tolerance is often the range in which little explicit attention is given to the service performance. Any quality of service falling outside of this range will result in either a positive or negative reaction by clients. Different clients possess different tolerance levels. Often factors such as price may increase or decrease clients' tolerance zones (Gwynne and Devlin, 2000: 245; Walker and Baker, 2001: 73).

2.3.4 Assessment of service quality

Clients perceive quality as a multi-dimensional concept. Five dimensions are commonly recognised as the means by which clients evaluate service quality. These five dimensions are often referred to as the SERVQUAL model (Bateson and Hoffman, 1999: 342).

2.3.4.1 *Reliability*

Reliability refers to the ability of the service provider to perform the promised service dependably, consistently, as well as accurately. According to Zeithaml and Bitner (2000: 82) the reliability dimension has been consistently proven to be the most important factor when clients assess service quality. Core services not performed reliably cause clients to assume that the company is incompetent. Under these circumstances clients are likely to switch to a competitive service provider, despite other favourable attributes of the service (Zeithaml and Bitner, 2000: 82).

Reliability can prove challenging as clients experience mistakes immediately, due to client participation in the service. Businesses do not have the opportunity to correct mistakes prior to interaction with clients. Labour-intensive services experience a large degree of variability in the service production process, as service delivery methods vary among staff members. Reliability is what is referred to as an outcome measure, as clients judge reliability only after the service is experienced. In other words the service was either delivered or not. Consequently clients expect delivery on promises made (Lovelock and Wright, 1999: 94).

2.3.4.2 *Responsiveness*

The willingness of employees to help clients, as well as the provision of prompt service is referred to as the responsiveness of the company.

Attentiveness and promptness in dealing with client requests, complaints and problems are used as measures of assessing quality. Businesses communicate responsiveness to clients in the length of time clients have to wait for assistance, answers to questions or attention to problems. Businesses must always look for opportunities that allow them to respond to clients faster than expected (Bateson and Hoffman, 1999: 349).

Responsiveness indicates the ability of the business to be flexible. It will illustrate the service provider's ability to customise services according to individual client needs. Businesses that consider responsiveness from the client's perspective excel in this dimension. The rate of responsiveness may ultimately enhance or detract from the relationship that exists between the business and its clients (Ziglar and Hayes, 2001: 301).

2.3.4.3 Assurance

Employees, by means of a thorough knowledge of all aspects of the service, as well as their courteous treatment of all clients, increase the ability of the business to instil trust, confidence and assurance in clients. Clients want the assurance that what is communicated to them in relation to services is true. Clients will regard this dimension as important with those services they perceive to be high risk. Often trust and confidence are embodied in the person linking the client to the business (Lovelock and Wright, 1999: 53).

Detailed explanations of the benefits of services may also assist in instilling more trust. Tangible evidence such as degrees and awards may increase the client's confidence and assurance in the service provider. The elements required to create confidence and assurance in clients will differ from client to client (Zeithaml and Bitner: 2000: 84 and 85).

2.3.4.4 *Empathy*

Empathy is often understood to be the caring and individualised attention a business provides to its clients. In essence it is the conveyment, either through personalised or customised service, that the client is unique and special. All clients wish to be treated individually. Clients like to feel that they are understood and important to the business. Businesses are able to build relationships with clients as a result of the business's personal knowledge of the client's requirements and preferences. The ability to be empathetic may provide the business with a competitive advantage over other competing service businesses (Bateson and Hoffman, 1999: 350).

2.3.4.5 *Tangibles*

Tangibility refers to the physical representation of the service. This deals with appearance of physical facilities, equipment, personnel as well as communication materials. All of the above-mentioned will provide physical representations and images of the service that clients use to evaluate the quality of the service. It is possible to use tangible aspects of the business,

such as documentation and pamphlets to communicate with clients. Tangibles may assist in creating credibility in the benefits offered by the service. Many service providers use tangible items to enhance their image, as well as to signal quality to clients (Harrell, 2002: 345).

2.3.5 Perceptions of service quality

Perceptions refer to a client's views of the service they actually received. Perceived service equal to or better than the expected level of service, is likely to result in client satisfaction.

2.3.5.1 Factors affecting perceptions of quality

The following is a discussion of the factors that may influence these perceptions.

2.3.5.1.1 Service encounter

Service encounter refers to the interaction between the client and the service provider. The initial encounter provides an immediate indication of the business's service quality. Subsequent encounters contribute to the client's overall satisfaction and ultimately to client loyalty. Each individual encounter creates a composite image of the business in the client's memory. All specific encounters are therefore critical. Employees must have interpersonal skills as well as being orientated towards solving the client's problems. Positive

encounters increase an overall impression of high quality service while negative encounters may detract from the original perception of a high service quality (Harrell, 2002: 338).

2.3.5.1.2 Evidence of the service quality

Due to the intangible nature of service's clients will normally search for evidence of the service in every interaction with the business. The additional elements to the traditional marketing mix (see page 32), of people, process, and physical evidence, represent the service, and ultimately provide evidence that add tangibility to the service. The elements are critically important in managing service quality and in creating client satisfaction. To illustrate, clients judge how the process works by evaluating the attitude of the staff as well as the physical evidence of the service. These elements may either re-enforce or destroy clients' perceptions regarding the level of quality delivered. (Lovelock and Wright, 1999: 53).

2.3.5.1.3 Image

The image or reputation of the business may influence perceptions. Image refers to the perceptions of a business reflected in the associations held in the client's memory. Associations may be either concrete or emotional, such as the hours of operation, or reliability, respectively. Associations may relate to the service experience, the business, or the user of the service. Image is built up in the mind of the client through communication. Actual experiences with the

business re-enforce this image. A positive image may serve as a buffer against incidents of poor service. Bad service experiences will erode the positive image of the business (Horovitz, 2000: 6).

2.3.5.1.4 Price

The price of a service may also constitute a factor that influences perceptions of quality, satisfaction, and value. As services are difficult to judge before they are purchased, price is relied upon as a surrogate indicator of quality. It will influence quality expectations as well as perceptions. Clients will expect a higher quality with higher priced service. Their perceptions will be influenced as a result. Too low a price may cause clients to doubt the quality of the service. The price charged also influences value perceptions. This is particularly the case after consumption when clients assess whether the benefits received warranted the cost of the service (Lovelock, 2001: 17).

2.3.5.2 *Strategies for influencing perceptions*

As seen in the gaps-model in section 2.3.2 (page 46) perceptions play a pivotal role in the creation of client satisfaction. Managers may employ certain strategies to influence perceptions as well as the factors that influence these perceptions. The following is a brief illustration of the strategies managers may employ in order to positively influence the perceptions of clients.

2.3.5.2.1 Client satisfaction

Managers of client-orientated service businesses will need to measure and monitor client satisfaction, as well as the business's service quality. The measurement of client satisfaction will assist in the diagnoses of problem situations. Due to the fact that each service encounter is critical to client retention, businesses must attempt to achieve client satisfaction by delivering superior service. To achieve client satisfaction there needs to be clear and concise documentation of all points of contact between the business and its clients. This will clearly identify areas where problems may arise within the service encounter (Zeithaml and Bitner, 2000: 95).

2.3.5.2.2 Recovery plans

In the event of service failures there needs to be effective recovery plans in place. The implication is that service process and system analyses need to determine the cause of the failure, so that a redesign may ensure satisfaction and higher reliability. The inherent variability of services causes service failures to be inevitable (Mariotti, 2000: 298).

2.3.5.2.3 System adjustment

Clients' perceptions of organisational adaptability and flexibility influence feelings of satisfaction. Therefore it is necessary that the business knows when and how to adjust the system, as well as knowing when and how to

explain denials of requests. Knowledge of the service concept, the delivery system, and system standards, will assist when explanations and adjustments are required. Spontaneity will provide memorable encounters for clients (Peppers, Rogers and Dorf, 1999: 96).

2.3.5.2.4 Training

It may occur that the client's dissatisfaction is caused by the client himself or herself. To solve this problem requires a two-fold approach. Firstly, front-line staff must be trained on how to handle difficult clients. Secondly, clients must be trained to know what to expect as well as to what constitutes acceptable behaviour (Harrell, 2002: 338).

2.3.5.2.5 Quality dimensions

The five dimensions of quality may be related to each individual encounter. It is necessary to manage the five dimensions so as to reinforce quality. Finally, the new elements of the marketing mix; namely people, process, and physical evidence, will tangibilise the service. They are important means of creating positive perceptions (Bateson and Hoffman, 1999: 28).

2.4 CONCLUSION

Services' marketing is the performance of an act or service that is offered by one party to another, in order to bring about a desired change. The special characteristics of services necessitates the expansion of the traditional marketing mix. Three additional elements namely, process; people, and physical evidence, were introduced. These elements are the primary means of adding tangibility to services. They cannot however operate in isolation from the elements of the traditional price, place, product, and promotion marketing mix.

The measurement of service quality is considerably more difficult due to the special nature of services. Furthermore clients usually base their evaluation of services upon expectations and perceptions, two very subjective elements. Services marketing may also benefit from the concept of relationship marketing. Committed and profitable relationships are established, providing benefits for both parties. Estate agency industry is part of the service sector and the relevant services performed by the industry will be discussed in the next chapter.

Service industries have evolved into a viable and recognised section of the economy. Consequently service marketing has developed and grown in conjunction with the growth in the service sector.

ESTATE AGENCY INDUSTRY

3.1 INTRODUCTION

The services required to be rendered by estate agents will be discussed within this chapter

According to Delport (1993: 10) an estate agent is a person who sells or lets immovable property on behalf of a client. For performing this service an estate agent is paid a fee referred to as a commission. Immovable property constitutes land with improvements such as a house.

Estate agents exert the single largest influence during the process of buying property. The guidance, knowledge, assistance, conduct, and execution of duties, by estate agents will ultimately influence whether the property is sold or not, as these actions will have a substantial effect on both the seller and the buyer (Ghyoot, Rudansky-Kloppers, and Strydom, 2002: 1).

Clients across the world regard the purchasing of property as the largest single investment they are likely to make. Unfortunately due to the unprofessional and unscrupulous actions of a few estate agents, this process may become a nightmare experience for some clients (Rudansky-Kloppers and Strydom, 2004: 58).

This chapter will investigate the services offered by the estate agency industry. The regulatory bodies of this industry will be the starting point for the discussion.

3.2 REGULATORY BODIES

There is one official regulatory body namely the Estate Agency Affairs Board. Unofficial bodies include the Institute of Estate Agents and Multiple Listing Service (Estate Agency Affairs Act, [n.d]: online).

3.2.1 Estate Agency Affairs Board

This Board is a statutory body that was instituted as a result of the passing of the Estate Agents Affairs Act No. 112 of 1976. The object of the Estate Agency Affairs Board is to maintain and promote the integrity of estate agents in South Africa. It was formed to protect the public in their dealings with estate agents, while regulating the activities of estate agents (How to choose an agent, [n.d]: online).

The Estate Agency Affairs Board is comprised of fifteen members, which are appointed by the Minister of Trade and Industry. Estate agents, as well as agencies, are required to register with the Estate Agency Affairs Board. The Estate Agency Affairs Board issues annual Fidelity Fund Certificates to certified estate agents and estate agencies. Control and management of the

Fidelity Fund will be a function of the Estate Agency Affairs Board. The Estate Agency Affairs Board may withdraw the Fidelity Fund certificate if the holder is disqualified, or found guilty of misconduct by the Estate Agency Affairs Board. A Code of Conduct that governs all registered estate agents has been established. A clear and concise guideline for all of the estate agents' activities is provided by the Code of Conduct (Estate Agency Affairs Act, [n.d]: online).

3.2.2 Voluntary bodies

Certain organisations exist whereby estate agents may voluntarily belong, as professionals, within the real estate industry. Due to the voluntary nature of these bodies, they are referred to as unofficial bodies.

3.2.2.1 Institute of Estate Agents

The Institute of Estate Agents is a private institution that was established in 1937. Its primary aim is to increase the standard of education for estate agents. The Institute of Estate Agents offers specialist courses to train estate agents. Members are also kept abreast of all changes in legislation pertaining to the industry (Tips for buyers and sellers of property, [n.d]: online).

The Institute believes that training is an essential element in the maintenance of professional standards. They have a full-time trainer who provides ongoing training, workshops and seminars for members. Membership is voluntary.

Estate agents who are members of the Institute were previously referred to as Realtors. A separate Code of Conduct as well as the regulation of members' actions is enforced by the body. The main aim of the Institute of Estate Agents is to encourage a high degree of professionalism within the industry. (Institute of Realtors, [n.d]: online).

3.2.2.2 *Multiple Listing Services (MLS)*

Multiple listing service is a service offered by a group of estate agents, whereby the services of these estate agents are combined at no extra cost, to assist sellers in selling their properties. Properties are listed on the multiple listing system, which allows all estate agents registered with multiple listing services to become familiar with the property (MLS, [n.d]: online; MLS Suksesvol in Bloemfontein, 2003: VIII).

Membership is voluntary. A strict selection criterion is used to determine membership within the group. A minimum criterion for membership is that the applying estate agency has proven selling success. Members are offered regular courses by professions that are experts within their fields. This body is not separate, or excluded, from the jurisdiction of the Estate Agency Affairs Board. MLS was originally established in the United States of America (U.S.A). In South Africa there are 510 estate agencies that form part of Multiple Listing Service (Birger, 2003: 116; Gericke, 2003: 9).

There are however, disadvantages to using a multiple listing service. Firstly members are required to split their commission according to the decided upon ratio. Secondly, member estate agents may not inform clients that only estate agents registered with MLS will work on the property. As a result clients may be under a misconception as to exactly who is working on their property. Thirdly, very few of the national estate agencies in Bloemfontein belong to MLS. Pam Golding, Homenet and Platinum Global are examples of national estate agencies that are not members. Fourthly, estate agents may not necessarily spend the time and effort marketing the property that is needed, as a listing fee will be paid when the property is sold (Personal interview: Spencer, 2004).

3.3 RENDERING OF A PROFESSIONAL SERVICE

Professional service in terms of the real estate industry refers to the manner in which estate agents perform their service. Estate agents wishing to render a professional service, should attend to the following aspects:

- ✳ It is imperative that an estate agent is sensitive to and appreciates the interrelationships that occur between the estate agent and the client. The selling of property is likely to be an emotional issue for the client, as property is most likely the client's most valuable investment. Therefore the cornerstone of the relationship must be honesty and fair conduct (MLS teamwork sells houses, 2003: VIII).

- * The estate agent must clearly understand and appreciate what the seller's needs and motives are for selling the property. In order to understand clients' needs, an analysis of those needs must be conducted. Sellers' needs and objectives should be respected by the estate agent. Respect of the needs and objectives should be reflected within the marketing plan (QPS hint of the week, 2003: III; Rudansky-Kloppers and Strydom, 2004: 59).

- * It is advised that estate agents conduct a competitive and comparative market analysis, in order to determine a realistic market value of the property. The purpose of an analysis is to ascertain the market value of the property. Comparative Market Analysis (CMA) entails the determination of recently sold, or currently for sale properties in the same area, the condition of competing properties, financing available, and the opinions of informed people. The aim is to set a realistic selling price for the property. To enable this analysis it is essential that the estate agent is familiar with the property to be marketed and sold. Misrepresentation concerning the property may expose the client to risks (Buying and selling of property, [n.d]: online).

- * Clients need to be educated about their role in the sales process. Estate agents will provide detailed information to assist the client in the decision making process. The manner in which the property is to be marketed will be explained. This refers to advertisements, 'for sale' boards, as well as the exhibiting of the property, which will be discussed and decided upon

between the seller and estate agent. Sellers will be tactfully advised by estate agents as to those areas that are in need of repairs or maintenance in order to make the property more marketable. Explanations of the planning and marketing strategy process to the client, ensure that the client is familiar with both their and the estate agents' obligations (Nuweling in bedryf soms 'n irritasie, 2003: XVI).

- * It is imperative that the estate agent discloses the amount of commission charged prior to the granting of a mandate. The conditions under which the fee is payable also needs to be clarified and agreed upon (Buying and selling of property, [n.d]: online).
- * The Code of Conduct dictates that estate agents may not accept a mandate if the marketing of the property is beyond their field of expertise. If the effective marketing of a property requires skill and knowledge exceeding those possessed by the estate agent, he/she may be assisted by a qualified person. This assistance needs to be disclosed to the client (Bekwame agent die sleutel tot 'n geslaagde huistransaksie, 2003: 1).
- * All written offers received by the estate agent from prospective purchasers must be submitted to clients. Clients must be informed of the degree to which offers correspond or deviate from their needs and objectives. The meanings and consequences of material provisions within the offer must be explained to the client, prior to the acceptance of an offer. Estate agents may under no circumstances pressure a client to accept an offer

that is to be to the client's detriment (Delpont, 1993: 117; Duty of the estate agent to protect the interests of the client, 2003: VIII).

- * Sellers are to be kept informed as to the progress being made with the marketing of the property. Maintaining contact promotes trust and co-operation (Let op ligging en veiligheid, 2003: XVI).

- * Estate agents must comply with all provisions in the Code of Conduct. These will determine the estate agent's ethical and legal obligations towards clients (QPS selecting an estate agent, 2003: III).

3.4 SERVICES OFFERED BY THE ESTATE AGENCY INDUSTRY

The standard services offered by the estate agency industry are divided according to the four main stages of the selling process. These stages are pre-buying and selling; buying and selling; post sale; and after sales services. The following subsections will identify services offered to both sellers and purchasers of property.

3.4.1 Pre-buying and Selling

During this stage the procedures and formalities to be completed before the property is listed for sale are discussed. It is important to note that the seller, and not the buyer, is the estate agent's client. It is possible for a buyer to give

a buyer's mandate to an estate agent, but this is not common practice in South Africa (Code of Conduct under the spotlight, [n.d]: online). It is important that the client/seller should select an estate agent that is reliable and appears to have earned the trust of the community, through honest and expert dealings (Razzi and Goldwasser, 2003: 66).

Sellers may approach the regulatory body discussed in section 3.2 (page 66) in this regard. This body will be able to consult the estate agent's records and advise the seller of any past misdemeanours, if applicable. It is essential that sellers use registered estate agents and agencies. Registered estate agents and agencies are subject to the Estate Agency Affairs Board's Code of Conduct, rules and jurisdiction. To verify whether estate agents are registered their current registration card and Fidelity fund certificate may be requested and consulted by the client. Both are issued by the Estate Agency Affairs Board (Making contact with an estate agent, [n.d]: online).

3.4.1.1 Introducing buyers to sellers

It is normal practice for sellers to approach estate agents to sell their properties. It is the function of the estate agent to introduce willing buyers that are financially able to purchase the property to the client. Sellers may approach more than one estate agent to market and sell their property (Queries, [n.d]: online).

Once clients have approached the estate agent, an appointment will be made in which the selling price and deposit are discussed. The amount of commission payable and when it becomes payable must be agreed upon. Any defects in the property must be disclosed to the estate agent to avoid future disputes. Movable items, if any, to be included within the sale must be clarified. The date on which the buyer may take occupation of the property needs to be decided upon by the seller. Viewing times during which prospective buyers may be brought to view the property will be discussed. It is necessary for the length of the mandate to be agreed upon (How to choose an agent, [n.d]: online).

3.4.1.2 *Qualifying the buyer*

The amount the buyer is able to spend on a property must be determined. An analysis of the buyer's financial position in terms of savings available, income, and current debt, will determine this amount. In other words the purchaser's financial reserves and borrowing capital will be analysed. Buyers are assisted by estate agents in the determination of their financial position. During the interview with the buyer the estate agent will determine the type of property the buyer wishes to purchase. Estate agents will assist buyers in the selection process of a property by offering objective information pertaining to individual properties (Appointing an estate agent, [n.d]: online).

Desired location of the prospective property is to be determined. This is one of the most important aspects in buying property, as location cannot be altered (Buying and selling of property, [n.d]: online).

3.4.1.3 Valuation of the property

Market value refers to the price, which a willing buyer is prepared to pay a willing seller on a specific date. An estate agent may assist the seller in arriving at a realistic asking price for the property. The estate agent may not request a fee for this service unless he or she is registered with the South African Council for Valuers. A distinction must be made between market value and the selling price. Market value refers to the price that a property is likely to sell for in the current market. The latter refers to the actual amount the client is asking for the property. It is possible for the selling price and the market value to differ substantially. The factors affecting the value of a property should be indicated to the seller (Delpont, 1993: 48; Steps to be taken when buying a home, [n.d]: online).

Valuation of the property forms a critical part of the pre-buying and selling stage. Two main methods are utilised in residential valuations, namely the comparative market analysis and the cost method (Establishing your property value, [n.d]: online).

3.4.1.3.1 Comparative Market Analysis (CMA)

CMA is regarded by many estate agents as the best method of valuation. It may also be referred to as the direct comparison method. The basis for CMA rests on the likelihood that a buyer will not pay more for a property than what it would cost to buy another property providing similar benefits (Stel so 'n huis se verkoopprijs vas, 2003: X; Tekort aan bemarkbare wonings, 2003: 111).

The procedure to be followed while conducting a comparative market analysis is as follows:

- * Clarification of valuation assignment;
- * Collecting subject property data;
- * Collecting comparable sales data;
- * Conducting the comparison analysis; and
- * Determining market value (Comparative market analysis, [n.d]: online; Huis en haard is 'n belegging wat jare moet hou, 2003: XIV).

The advantages and limitations associated with comparative market analysis may be summarised as follows:

The principles and theories on which this method is based are comparatively easy to understand and to explain to both buyers and sellers. Actual prices paid for comparable properties, produce a reliable indication of the price that may be paid for the subject property. These aspects illustrate the advantages

associated with this valuation method (Real estate brokers and agents, [n.d]: online).

The main limitations of comparative market analysis are as follows. Firstly, an inevitable degree of subjectivity is included within the estate agent's valuation. Valuations of the subject property will differ among various estate agents. Normally the greater the comparability of properties the smaller the degree of subjectivity. Secondly, the lack of physical comparability in respect of certain types of properties limits the use of this method. Unique properties such as historical houses are seldom valued using this method. Thirdly, insufficient information available on which to base a statistically valid estimate may also limit the use of a comparative market analysis. Fourthly, one of the basic assumptions of this method is that market conditions have not altered since the last transaction. This may therefore provide historical and not current market values. Fifthly, it is extremely difficult for the estate agent to be informed about all aspects of a transaction. Terms of sale often differ considerably between comparable sales. Finance arrangements may also have affected the selling price (Eiendomsbegrippe kan kopers verwar, 2003: X).

Experienced agents are generally aware of price movements within the various suburbs. Scatter diagrams may be compiled which indicate the various price ranges within a specific suburb. The subject property is then compared in terms of attractiveness with the other properties in the suburb. Subject properties that are more attractive will be priced at the higher end of

the spectrum, while less attractive subject properties are priced at the lower end of the diagram. This is highly beneficial in South Africa, where there is a lack of the scientific data needed to do a comparative market analysis (Personal interview: Spencer, 2004; Stem so saam oor verkooppys van huis, 2003: X).

3.4.1.3.2 Cost method

The second method is known as the Cost method. Situations may occur where a property is so unusual that no comparable properties may be found. Nevertheless, an estimated selling price must be determined. In this scenario the cost method would be applicable. It must be stressed that a cost method is often regarded as a poor method of valuing residential property and is often rejected by valuers. Cost method is primarily utilised by registered valuers and not by estate agents. The main distinction between the cost method and the comparative market analysis rests on the likelihood that a buyer will not be prepared to pay more for the subject property, than it would cost the buyer to acquire comparable vacant land and erect comparable improvements. To illustrate a buyer would not purchase a property for R200 000, when a stand could be purchased in the same area and a similar house erected on the stand for R150 000 (Delpont, 1993: 51 and 52).

3.4.1.4 *Pricing the property*

Once the market value of the property is determined, the selling price may be set. It is imperative that the selling price is within the market range, as this will assist in the property being sold at the highest possible price in the fastest possible time. It is referred to as pricing to sell (Pricing your home to sell, [n.d]: online).

A few of the potential benefits derived from the correct pricing of properties are discussed as follows:

Firstly, properties that are properly priced are sold faster. It will place the seller in a sound financial position when purchasing a new property. Secondly, there is less inconvenience in terms of numerous exhibitions of the property. Thirdly, selling prices set at market value broadens the buyer base, as well priced listings increase estate agent response. A special effort is therefore made to attract potential buyers through their marketing plans. There is a better response to all advertising, as price is not a deterrent. Fourthly, when a property is realistically priced buyers are less likely to submit lower offers as there are more buyers competing for the property. Fifthly, this competition may even generate a higher selling price, due to competition between competing buyers (Pricing the property, [n.d]: online).

3.4.1.5 *Advising clients on mandates and commission*

Once the value and selling price of the property have been determined the client may decide upon the type of mandate to be awarded to the estate agent. A mandate is often referred to as an instruction. Mandates come into existence once the estate agent accepts an instruction or authority from a client to render a particular estate agency service for that client. On acceptance of the mandate a legally binding contract is established between the estate agent and client. It is recommended that all mandates be recorded in writing to avoid disputes regarding the terms of the said mandate. Verbal mandates need to be supported by written confirmation of the mandate and its terms (Tips for buyers and sellers of property, [n.d]: online).

Two main types of mandates exist, namely open mandates and sole mandates.

Open mandates occur when a seller gives a mandate to more than one estate agent to sell the property. In such a case no estate agent may claim to have the sole right to market the property. Owners may choose the open mandate option as a result of the belief that the larger the number of agents working on the property the more beneficial. Sellers believe that a better price will be achieved (A mandate may be more than you bargained for, [n.d]: online).

There are however, negative consequences associated with the use of open mandates. Estate agents may not afford the necessary time, money ,or

quality of service, needed to sell a specific property in an open mandate. Sellers conferring open mandates run the risk of having to pay more than one commission upon sale of the property. The high degree of competition present in an open mandate may prevent the conclusion of the best possible deal for the seller. Properties sold through this type of mandate are assigned a lower priority with regard to advertising and the exhibiting of the property (Delpont, 1993: 112; Property transaction, [n.d]: online).

Sole mandates refer to a mandate incorporating an undertaking on the part of the seller not to confer a similar mandate on another estate agent before the expiration of the determined period. No set rule exists for a standard period of a sole mandate; as such it is determined through negotiation. The agreed upon expiration date should therefore be expressed as a calendar day. Sellers are not permitted to award a mandate to another estate agent in the duration of the mandate. Furthermore, sole mandates may only be revoked by clients in extreme situations (Multi-Listing is not the ticket to a sale, 2003: XII; Sole mandates, [n.d]: online)

Sole mandates are beneficial as they ensure the full commitment of the estate agent to the sale of the property. The sale of the property, in essence, receives the undivided attention of the estate agent. Prioritisation of the seller's needs is ensured and the seller is guided through the marketing process. It allows for feedback to be given to the seller on the property's value, advantages and negative aspects. Furthermore responsibility for the advertising of the property is borne by the estate agent. Estate agents are

able to negotiate with prospective buyers and as a result obtain higher selling prices. It offers a concerted marketing plan, without any possibility of a double commission needing to be paid by the seller (Mandates may be more than you bargained for, [n.d]: online; Giving a sole mandate can prevent pitfalls, 2003: XV).

There are however limitations regarding sole mandates. Estate agents may accept the sole mandate, without making any attempt to perform the mandate. Legally, the estate agent is under no obligation to attempt to sell the client's property. However, the Code of Conduct prevents this action. Failure by an estate agent to comply with the obligations specified within the mandate document, constitutes a contravention of the Code of Conduct, and disciplinary steps may be instituted against the estate agent. (Benefit of a sole mandate, [n.d]: online).

In the absence of any contrary provision contained within the mandate, an estate agent is deemed to have performed the mandate if the requirements stated within the mandate document have been complied with (Mandates, [n.d]: online).

An estate agent's mandate may be terminated under the following instances. Firstly, the estate agent performs the mandate by selling the property. Secondly, the period fixed for the duration of the mandate expires. If no period has been fixed the mandate will expire after a reasonable period. A reasonable time depends on the individual facts of each sole mandate.

Thirdly, the client revoked the mandate, this occurs under special conditions. The general rule is that a sole mandate conferred for a specific period cannot be revoked by the client prior to the expiration of the stated period. Fourthly, a mandate may also be terminated if an estate agent renounces his mandate. This occurs when the estate agent informs the client that he/she is unable to sell the property. Unless otherwise agreed the estate agent incurs no liability if the mandate is renounced before expiration of the mandate. It is advisable to place the renunciation of a mandate in writing. Fifthly, the mandate may be terminated upon the death of the estate agent (A mandate may be more than you bargained for, [n.d]: online; Estate agents, [n.d]: online).

Discussions and decisions regarding mandates and commissions payable occur simultaneously within the initial meeting between the estate agent and client. A commission is the remuneration paid to an estate agent by the client. It is imperative that an estate agent discusses in detail the payment of commission with the client. Commission is to be discussed when the estate agent accepts the mandate. The amount of commission and the circumstances under which it is payable should be recorded in writing. Implications and obligations arising in connection with commission should be discussed with the party liable for the payment of commission (Buying and selling of property, [n.d]: online).

In terms of the Estate Agents Act, no estate agent may receive commission on a transaction concluded by him/her during a period in which he/she had failed to acquire possession of a Fidelity Fund Certificate. No law dictates the

minimum amount payable in relation to commission (Estate Agency Affairs Act, [n.d]: online; Commission, [n.d]: online).

3.4.1.6 *Developing a marketing strategy*

Estate agents will develop and discuss the proposed marketing plans for properties with the sellers. It will be explained to clients how the property will be marketed, with regard to the choice of media selected, as well as the frequency and number of advertisements to be placed within the selected media. Placement of 'for sale' boards must also be discussed and the client's written consent must be obtained for placement of these boards (Choosing an agent, [n.d]: online).

The number of events to exhibit the property, as well as acceptable viewing hours for the client, must be decided upon. Procedures for discussing client lists must be established. Client lists are commonly referred to as show house registers, and are an important means of developing a client database. Feedback from those that view the property may also identify areas that need to be rectified to make the property more marketable. The estate agent will need to tactfully inform the seller of those areas that require repairs or maintenance (QPS hint of the week, 2003: III).

Open hours may also be suggested by the estate agent, if the latter is a registered member of Multiple Listing Service. During selected hours on specific days other estate agents will view the property that is for sale. In this

manner estate agents become familiar with the property (Buying and selling of property, [n.d]: online; MLS [n.d]: online).

3.4.2 Buying and Selling

After the estate agent and seller have decided and agreed upon the formalities, the actual process of buying or selling may commence.

3.4.2.1 *Relationship with the buyer*

While a written mandate is given by the seller to the estate agent, no such contract exists between the buyer and the estate agent. Even though the seller is indeed the estate agent's client, an estate agent still has certain legal and ethical obligations to buyers. Purchasing a property constitutes a medium to long-term commitment for most people. The quality of an estate agent's service is determined by the way in which the estate agent assists the buyer to make the right decision (Delport, 1993: 122).

Some of the more important services to the buyer include the following:

- * Honesty and fair conduct

Buying a house often constitutes the largest single investment that a person may make. Property transactions are complicated and few buyers are familiar with all the aspects involved in the purchasing of a property. Prospective

buyers often place considerable trust in the estate agents with which they are working. Buyers expect estate agents to be honest and fair in their dealings. Estate agents should be sensitive to this fact (Kyk voordat jy koop, 2003: XII).

✳ Selection of a suitable property

Selection of a suitable property involves a thorough understanding of the needs, wants, resources and motives of the prospective purchaser. Estate agents are thereby able to identify properties, which match the requirements of the buyer. The buyer's social and business profile will dictate the suburbs or areas on which the estate agent should concentrate. Prospective purchaser's urgency to acquire accommodation will be a qualification criterion. One of the most important aspects is the buyer's financial ability. A fundamental requirement is to determine whether the buyer can afford the properties being suggested by the estate agent. It is recommended that no more than twenty to thirty percent of the monthly family income be spent on housing. It is also to be determined whether the buyer will be able to pay transaction costs if so required (So besluit banke oor huislenings, 2003: X; Kotze, August 2003: 42 and 43).

✳ Maintenance of contact with prospective buyers

Estate agents should maintain regular contact with prospective purchasers, until such a time as the buyer has purchased a property. Buyers who do not have contact with the estate agent after the initial introduction, assume that

negotiations have been broken and that the estate agent is no longer interested in doing business with the buyer. Maintaining effective communication can prevent the occurrence of misunderstandings and disputes (Buy your real home now at a virtual agent, 2003: XII; Agent, [n.d]: online).

* Assisting the buyer to make an offer

Estate agents utilise pre-printed standard forms to assist buyers in making offers to purchase properties. Under the Code of Conduct estate agents are required to explain the meaning and consequence of the material provisions of the offer. Buyers should be advised to consult an attorney prior to signing the offer. No pressure may be placed upon the purchaser to sign an offer document. This is especially applicable if the buyer does not fully understand the implications of the offer, or is not entirely satisfied with certain aspects. Estate agents must notify buyers as to whether the offer was accepted or rejected (Making contact with an estate agent, [n.d]: online).

* Assisting buyers to obtain finance

Assistance may be provided by estate agents to buyers when applying for a loan. Estate agents may complete the necessary application form on behalf of the buyer and submit it to the relevant financial institution. In the event of the application being denied, buyers may be advised of alternatives by the estate agent. Estate agents may not unduly influence buyers to either use or

not use a specific financial institution (Toetree kopers moenie te duur koop weens laer rentekoerse, 2003: IX).

3.4.2.2 *Ethical and legal obligations towards the prospective purchaser*

A brief discussion of the duties and obligations that estate agents have towards buyers, while rendering a professional service is detailed below.

- * Duty to not make misrepresentations to prospective buyers, while disclosing all material facts

Estate agents may not misrepresent the properties they have been instructed to sell, nor may estate agents misrepresent the terms of the contract to the purchaser. Neither may estate agents claim expert or specialised knowledge in respect of a property if this is not true. An estate agent must convey all material facts concerning the property as they are, or should reasonably be within the estate agent's personal knowledge. Failure to comply with this obligation constitutes a violation of the Code of Conduct (Advice to sellers, [n.d]: online).

- * Duty to not prejudice the interest of the prospective purchaser

The Code of Conduct obliges the estate agent to protect the interests of the client. Due regard must also be awarded to the interests of the purchaser. No harmful or misleading information or marketing techniques may be used to

influence purchasers to make offers for the property (Solve problems with your agent, [n.d]: online).

* Act with reasonable care and skills

Estate agents must perform their services and duties with the degree of care and skill that might be reasonably expected. This means that estate agents must carefully consider their opinions of property values. Care must also be taken when completing documents (Personal interview: Spencer, 2004).

* No discrimination against purchasers

An estate agent may not deny equal services to any person for reasons of race, sex, creed, or country of national origin. Accordingly any refusal by an estate agent may not discriminate against a prospective purchaser on the grounds that the purchaser will not, or is unlikely to, make use of the financial assistance made available by a specific financial institution and which the estate agent offers to arrange on the behalf of the purchaser (Delpont, 1993: 125; Eiendomsagente ingelig oor die nuwe wetgewing, 2003: X).

* Not to abuse or unlawfully disclose confidential information

Prospective purchasers disclose certain information concerning business affairs to estate agents, in order to allow the estate agent to fully appreciate the purchaser's needs and financial ability to purchase property. An estate

agent may not, without just cause, divulge to any third party any confidential information obtained by the estate agent concerning a purchaser's business affairs (Real estate sales commission, [n.d]: online).

3.4.2.3 *Arrange the viewing of the property*

Upon the granting of a mandate by the seller the property will be listed. Dependant upon the conditions of the mandate, for example whether it is an open or sole mandate, and whether the property is placed on Multiple Listing Services, the estate agent will arrange for open hours in which other estate agents may view the property. It is important to note that the estate agent that refers the buyer to the seller is entitled to a percentage of the commission. In such cases where this is not the liasing agent, the listing agent may be entitled to what is referred to as a listing fee, dependant on the agreement with the client (Real estate sales commission, [n.d]: online).

To attract the interest of prospective buyers, estate agents will place photographs of listed properties in prominent positions in the offices, on billboards as displays, or on their web sites. Properties may also be included within the weekly property sections of local newspapers. Photographs, brief descriptions of the property and the listing agent's details and contact numbers will be included within the advertisement (Internet speel groot rol in huisverkope, 2003: XIV).

Interested parties may then approach the estate agent to view the properties more comprehensively. All viewing must take place in the presence of an estate agent. Buyers will be escorted throughout the property by the estate agent, as it is recommended that the seller should not be present during such viewing. It is imperative that all viewing occur at scheduled times approved by the seller. It is also possible for prospective buyers to view properties by attending exhibitions held on a Sunday. Once the buyer has viewed the property in the presence of an estate agent, that agent is permitted commission if a sale arises there from, if the estate agent was the effective cause thereof (Listing agent, [n.d]: online).

3.4.2.4 *Assist in drawing up a contract*

Once the prospective purchaser has identified a property in which he/she are particularly interested, certain contracts may be completed. Options to purchase are an important part of the contract, where the estate agent may assist the seller and the buyer.

3.4.2.4.1 Options

An option is defined as an offer to buy the property, coupled with an undertaking by the offerer not to revoke the offer for a short, specific period. Therefore it is an agreement by the seller to sell the property to the buyer on agreed-upon terms for a certain period. Buyers may either accept or reject the offer. Very few sellers provide options to sellers (Delpont, 1993: 155).

Options to purchase properties are only valid if the seller makes a valid written offer to sell the property to the buyer, and thereby undertakes not to revoke the offer before a certain date. Buyers in receipt of such an offer have the option to buy the property by accepting the offer within the specified time limit. A binding contract of sale results. It is beneficial to both parties to have the proposed terms of the sales contract, contained within the option (Personal interview: Spencer, 2004).

Estate agents may draw up this contract, and it must be completed and signed by the seller. The time limit of the offer must be clearly stated. Options are only paid for in the case of commercial or industrial properties. Residential options do not require the exchange of money for the granting of the option (Delpont, 1993: 155).

3.4.2.4.2 Pre-emption rights

A right giving the grantee a preference to buy a particular property should the grantor (owner) wish to sell, is known as a right of pre-emption. It is also known as a 'right of first refusal' or a 'voorkoopsreg'. The grantor is not obliged to sell, but if he decides to do so, the grantee must be given the first choice to buy. Agreements conferring rights of pre-emption in respect of immovable property must be in writing and signed by both parties in order to be valid. Also referred to as right of first refusal (Delpont, 1993: 155).

It is not necessary for the exact purchase price at which the property will be sold, to be stated. In the case where no price is mentioned the agreement is viewed as an undertaking to offer the property to the grantee at the same price, which the seller would be prepared to accept from a third party if the property were sold on the open market. This typically arises in situations where property is let. Should the lessor want to sell the lessee would have the right of first refusal (Agent, [n.d]; online).

3.4.2.4.3 Offers to purchase

Prospective purchasers, together with the estate agent will complete an offer to purchase document, constituting an offer made by the buyer to the seller. The offer is then presented to the seller, who if he/she agrees to the offer will accept by signing the offer. On acceptance of the offer a binding contract exists between the respective parties (Explain terms of offer, 2003: XV).

* Requirements for a valid offer

The estate agent must see to it that the offer is valid. To constitute a legally valid offer, the following must be noted.

All blank spaces must be completed fully and correctly. Non-applicable spaces should be deleted. It is essential that the parties' names, the property concerned and purchase price are completed correctly. Purchase price is also to be included. Material terms must be contained within the offer, if terms

are left out the offer will not constitute a valid contract (Offer to purchase, [n.d]: online).

The person making the offer (offeror) must have the intention to be contractually bound on acceptance of the offer by the seller (offeree). An offer to purchase document must therefore be signed by the purchaser. Offers are then presented to the seller by either posting, faxing or personally informing the seller of the offer and its material terms (Steps to take when buying a home, [n.d]: online).

* Acceptance of an offer

Acceptance of an offer to purchase immovable property must be in writing and signed by the seller (offeree). It must be unequivocal and unambiguous. To avoid disputes it is advisable to state simply and clearly that the offer was accepted. Unless stated otherwise in the offer, the offeree's acceptance must be communicated to the offeror to conclude a valid contract. This notification need not necessarily be in writing, unless so stipulated in the offer. An estate agent that is aware that an offer submitted by him, in the role of estate agent to one of the parties, has been accepted, must forthwith notify the offeror of this fact. An offer can only be accepted by the person to whom it is addressed (Choosing an agent, [n.d]: online).

* Lapsing of an offer

Offers to purchase normally contain a clause in which the specified time that the offer is kept open can be indicated. If the offer has not been accepted when the period lapses, it ceases to exist and cannot be accepted at a later stage. In situations where no time limit has been set the offer is said to lapse after a reasonable period. To avoid disputes it is advisable to clearly specify when an offer will lapse (Delpont, 1993: 137).

An offeror is permitted to revoke the offer at any time prior to acceptance. Revocation need not be in writing, but it must be brought to the attention of the offeree by the estate agent. If an offer is irrevocable the offer cannot be revoked prior to the expiration of the stated period. To be effective, it must be brought to the attention of the offeree by the estate agent that the offer is irrevocable. If the offer has not yet been presented to the offeree, the offeror may revoke the offer, despite the offer being irrevocable (Personal interview: Spencer, 2004).

When the offeree indicates explicitly or by implication that the offer is unacceptable it is said to be rejected. Upon rejection the offer ceases to exist immediately, as such it cannot be accepted at a later date. Counter offers amount to a rejection of the original offer. Offers may also lapse if either the offeror or offeree dies before the offers has been accepted (Delpont, 1993: 137).

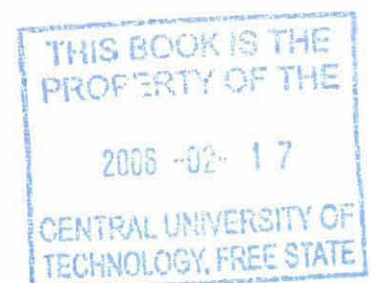
3.4.2.4.4 Deeds of sale

Contracts discussed in the preceding sections relate the wish of one party to purchase or sell a property. The deed of sale is the actual conclusion of the sale of the property between the purchaser and seller. The sale agreement will be discussed more comprehensively in the following sections.

The document that is completed upon an agreement of sale between the seller and purchaser is referred to as the deed of sale. An agreement of sale of immovable property is a written and signed agreement in terms of which one party (the seller) agrees to sell a property to another (the buyer), for which the purchaser agrees to pay a sum of money referred to as the purchase price. Such agreements are regulated by the Alienation of Land Act 68 of 1981. Deeds of sale must, according to this act, be in writing and signed by the parties thereto. It is preferable to have a bilingual agreement of sale. Estate agents provide the service of compiling the contracts of sale on behalf of both parties. It is advisable for both parties to allow their attorney to read the contract prior to signing it (Delpont, 1993: 157; What does your contract say, [n.d]: online).

The following clauses should form part of the deed of sale. Exclusion of these clauses could render a contract of sale null and void (Signing the agreement of sale, [n.d]: online):

- * Parties involved and their addresses
- * Description of the property



- * Purchase price
- * Occupation date and Occupational interest
- * Defects
- * Risk (Kotze, October 2003: 19; Selling your house, [n.d]: online).

3.4.3. Post sale

Upon completion of the agreement of sale, the estate agent will assist the buyer to make arrangements to finance purchasing of the property. Once this has been achieved the process of transferring the property into the buyer's name will begin. Estate agents may also assist in facilitating the transfer process.

3.4.3.1 Arranging of finance through mortgage loans / bonds

It is possible for immovable property to be sold on a cash basis. However, this occurs very seldomly. Most property transactions are financed on the basis of mortgage loans. Mortgage loans are regarded as the most popular method of financing the sale of immovable property. A financial institution lends money to the purchaser to assist the buyer in the purchasing of the property. The financial institution is referred to as the bondholder. It is important to note that the registration of a mortgage loan over a property does not mean that the bondholder becomes the owner of the property. Once transfer of the property has been registered in the purchaser's name, the purchaser is the owner of the property. Monthly payments to the bank are for

the repayment of the loan, which the bondholder granted to the buyer, and are not rent payments by the purchaser to the bank (Huiskoopers skop was teen hoë pryse, 2003: 1; Buying and selling a house, [n.d]: online).

3.4.3.1.1 Determination of the amount to be financed

Financial institutions may lend the purchaser the full purchase price together with transfer costs through mortgage bond finance. When an application is made for a loan the financial institution will instruct its valuers to inspect the property and assign a value thereto. The amount paid by the purchaser for the property will also be taken into consideration in this valuation. The amount of the loan granted usually corresponds with this valuation. In accordance with the Code of Conduct an estate agent may not 'wilfully or negligently make or assist another person to make a false statement, whether verbally or in writing, in relation to the selling price of the property' (Maatstawwe vir lenings, 2003; XVI; Delport, 1993: 105).

Financial institutions have become more reluctant to grant loans. The financial institutions have adopted a relatively new policy with regard to the granting of loan applications. Applications are rejected where the value of the property is in doubt. As a result buyers have greater difficulty in obtaining loans. Accordingly estate agents have to screen buyer's applications more carefully to ensure that they will qualify for a specific property. This is beneficial as the estate agents will carefully ensure that purchasers can afford

the property and therefore, not waste the seller's time with abortive applications (Delpont, 1999: 88; Pre-qualification, [n.d]: online).

3.4.3.1.2 Mortgage bond clauses in contracts of sale

Standard contracts of sale utilised by estate agents contain clauses, which make the sale subject to the condition that the purchaser obtains mortgage bond finance before or on a certain date. Such clauses must be accurately completed prior to the purchaser signing the contract. Mortgage bond clauses within contracts are often completed by the estate agent. Normally, the specific amount of the loan and the date by which the loan must be approved is inserted. Omittance of such details will render the agreement null and void. It is advisable that the identity of the institution be noted within the contract. Absence of such details will allow the estate agent to approach any or all financial institutions in order to obtain finance for the purchaser. Estate agents may suggest the inclusion of a suspensive clause, in order to protect both the purchaser and seller. This type of clause is referred to as a suspensive condition, as the contract will only become enforceable if the loan is obtained (Investing in South Africa, [n.d]: online; Home-buying, [n.d]: online).

3.4.3.1.3 Costs of obtaining mortgage bond finance

Financial institutions do not normally levy any charge on the consideration of an application of mortgage bond finance. However, financial institutions carry

out inspections to determine the value of the property, to determine the loan amount. For this a fee may be charged. This is commonly referred to as the valuation or inspection fee. It is calculated as a percentage of the valuation. Percentages vary among the financial institutions. The average is currently 0,2 % of the purchase price. Financial institutions are also permitted to charge an administration fee to cover expenses incurred in connection with the registration of the bond. It may be required by the financial institutions that House Owners Insurance (HOC) for a year be paid up front. All these fees and costs may be included as part of the total loan granted to the purchaser. Estate agents often attempt to negotiate with the financial institutions with regard to the valuation figure, thereby attempting to facilitate the process (Kotze, 2003: 18; McIntyre, 2003: 14 and 15).

3.4.3.1.4 Estate agents' ethical obligations with regard to finance

Estate agents may not discriminate against a prospective purchaser on the grounds that the purchaser will not, or is unlikely to, make use of financial assistance made available by any financial institution which the estate agent offered to arrange on behalf of the purchaser. In no manner whatsoever, may an estate agent solicit, encourage, persuade, or influence, any party to a transaction to utilise or refrain from utilising the services or financial assistance offered by a financial institution to the members of the public in general. Estate agents may directly approach financial institutions, with completed application forms for finance on behalf of the purchaser (Delpont, 1993: 196).

3.4.3.2 *Provide advice on the choice of bond originators*

Mortgage orientation, a world-wide trend, became established in South Africa within the last three to five years. The South African model is primarily based upon the successful Australian and U.S.A models. Bond origination is based upon the principle that property purchasers may obtain advice from independent, accredited bond originators who are familiar with the various ranges of products offered by financial institutions. Clients then select the financial institution which accommodates their needs, and offers the most competitive package (Fife, 1999: 90).

Estate agents may now elect to refer purchasers to bond originators, instead of directly to financial institutions. Estate agents, in turn, will receive a certain percentage of the loan amount as commission for the referral. This bond origination prevents unethical conduct by estate agents in terms of steering clients to specific financial institutions in lieu of the introduction commission that the estate agent will receive. It has become popular with some financial institutions even creating their own origination firms. A few examples are Bondchoice, an affiliate of the BOE (now Nedbank) group, and Bondnet which represents First National Bank and Imperial Bank (Fife, 1999: 90; Mollema 2003: 22 and 23).

3.4.3.3 *Support the transfer of ownership*

Ownership of immovable property is only transferred to the purchaser upon the registration of the property in the buyer's name at the Deeds Office. To effect such a registration a deed of transfer is prepared by a conveyancer and is executed in the presence of the Registrar of Deed, by the conveyancer acting on behalf of the buyer of the property. A new deed of transfer is drawn up and registered each time a property is sold. Estate agents may facilitate the process by recommending conveyancers as well as ensuring that all documents are submitted timeously.

3.4.3.3.1 Appointment of a conveyancer

A conveyancer is an attorney with an additional qualification in the law of property and the procedures and practices involved in property registrations. Contracts of sale usually state which party's conveyancer will attend to the transfer of the property. Normally, the seller is entitled to nominate the conveyancer. Sellers may frequently not know any conveyancers, and the estate agent that negotiated the transaction may recommend a firm of attorneys. It is essential to note that estate agents 'may not, unless with sufficient cause, directly or indirectly, solicit, encourage, persuade, or influence, a party to a transaction to utilise or refrain from utilising a particular attorney or firm of attorneys. Conveyancers will check the validity of the contract of sale, explain the conveyancing procedure to both parties to the

contract as well as register the property on the buyer's name (Appointment of a conveyancer, [n.d]: online; Delpont, 1993: 105).

3.4.3.3.2 Transfer costs

Transfer of immovable property involves the payment of transfer duties and conveyancing fees. Value Added Tax (VAT) may also be payable in certain circumstances. Amounts payable in respect of transfer duties and Value Added Tax are prescribed by law. Conveyancing fees are charged for the transfer of the property as well as for registration of mortgage bonds (Kotze, 2003: 18; Costs involved, [n.d]: online).

Tables setting out current prescribed duties are commercially available and all estate agents are recommended to have copies of these tables. The estate agent uses the cost tables to help the buyer calculate transfer costs involved. The purchaser normally pays these costs. Liability for the costs must be clearly stated within the contract of sale (Transfer costs, [n.d]: online).

3.4.3.3.3 Payment of transfer duties

According to the Transfer Duty Act No. 40 of 1949 transfer duties must be paid, at the latest, within six months after the date of acquisition of the property. Even if transfer has not been registered within six months after the date of sale, transfer duties must be paid to avoid penalties. Estate agents often provide buyers with an indication of the date on which the duties are to

be paid. In this manner estate agents ensure that the process is facilitated, as purchasers are informed in advance of the date of payment. Transfer duty is payable on the value of a property, in other words the purchase price. In certain instances no transfer duties are payable. When the property consists of land and any dwelling thereon falls below a certain Rand value, and the property is unimproved land below a certain value, then it is not payable (Delport, 1993: 32; Wenk van die week, 2004: VIII).

3.4.3.3.4 Payment of Value Added Tax

Value Added Tax is payable if the seller is a vendor who is registered for Value Added Tax. It is also payable when the property is sold in the furtherance of the seller's vatable enterprise. It is levied on the total selling price. Estate agents may assist the buyer in the determination of the amount of VAT payable (Payment of VAT, [n.d]: online).

3.4.3.3.5 Transfer documents

Certain documents need to be provided and lodged with the Registrar of Deeds in order to transfer the property into the buyer's name. Firstly, the current owner's copy of the title deed of the property must be lodged with the Registrar of Deeds. Secondly, the receipt or certificate issued by the Receiver of Revenue that all taxes and duties payable on the property have been paid must be submitted. Thirdly, a certificate stating that the rates payable in respect of the property have been paid to the local authority.

Sellers in arrears with these rates delay the transfer process. Fourthly, when a title deed of a property contains a condition restricting the transfer of the property, proof must be lodged that the condition has been complied with, or that the interested party has waived the restrictions. This refers to pre-emptive rights. Fifthly, the identity document, marriage certificate if applicable, details of the loan and lender must be submitted by the purchaser. A power of attorney, in the favour of the conveyancer, must be signed by the purchaser to allow the conveyancer to register the property. Buyers are informed of the necessary documents by the estate agent. Estate agents may assist in the collection of certain documents, and submit these documents to the relevant conveyancer on behalf of the purchaser. (Transfer Documents, [n.d]: online).

3.4.3.3.6 Length of transfer process

The length of the transfer process depends on the circumstances of each case. Should no special consent be required to authorise the transfer, and the transferor (seller) and the transferee (purchaser) promptly submit and sign the required transfer documents requested by the conveyancer, transfer can occur fairly quickly. Estate agents may facilitate this process by ensuring that all documents are submitted timeously, delays however, inevitably occur. It is in the best interest of all the parties concerned for the registration to occur as quickly as possible. Sellers will be paid the purchase price sooner, and the buyer becomes the owner of the property sooner (Investing in South Africa, [n.d]: online).

Furthermore, commission clauses often provide that commission on a transaction is only payable upon the registration of the property in the purchaser's name. It is obviously in the estate agent's interest that the transfer be registered as soon as possible, and that the estate agent should therefore assist the seller, purchaser and conveyancer to expedite the transfer. Estate Agents may assist the conveyancer by furnishing information regarding the place and date of birth of both parties, identity numbers and telephone numbers. Estate agents can also determine where the current owner's title deed is held and what mortgage bonds are registered over the property (A guide to bond registration, [n.d]: online).

3.4.4 After sales service

Estate agents' services do not cease once the contract of sale is signed. They will keep both their clients (sellers) as well as purchasers informed, through regular contact, as to the progress made regarding the mortgage bond application of the buyer, the transfer of the property and compliance with suspensive conditions contained within the contract. Copies of the agreement of sale will be furnished, without delay, to both the seller and the purchaser (Delport, 1993: 118).

Presentation of a small gift to the purchaser on the date of occupation, as well as on the date of transfer is often considered after sales service. The maintenance of contact with the buyer after occupation by remembering birthdays and anniversaries are also examples of after sales service. The

regular sending of either electronic or physical newsletters may also constitute after sales service. Very few firms however, actively develop after sales service programmes (Personal interview: Spencer, 2004; Rudansky-Kloppers and Strydom, 2004: 67 and 68).

3.5 COMPARISON: SELLING PRIVATELY VERSUS ESTATE AGENT

Homeowners may elect to sell their properties without the aid of an estate agent. Sellers in Europe as well as in the U.S.A frequently sell their properties on the open market without the assistance of estate agents. To cater for this market, companies have been established whereby assistance is provided to sellers in the sale of their own properties. Property Direct and Private Property. Com are two examples of such companies. These firms bring buyers and sellers into direct contact, while excluding the estate agent as the middleman. Sellers pay a single charge to register the property on the database, sellers will also be provided with self-help selling guides and standard deeds of sale. Often Internet based valuations of the property are available at an additional cost (Sell private, 2003: XVI; Muller, 1999: 28).

The following table illustrates the difference that occurs when the property is sold directly by the seller, as opposed to when the property is sold through the use of an estate agent.

Table 3.1: Comparison between selling privately or using an estate agent

	Sold directly by Seller	Sold using an estate agent
* Setting the selling price	Seller may set the selling price individually, often leading to unrealistic prices that are not market related. Sellers may have a valuation conducted by a sworn appraiser, at a high cost. An Internet-based valuation will only identify a general selling price.	Estate agents will conduct a comparative market analysis, which considers similar properties sold in the same area within the last six months. This service is free of charge, unless the estate agent is a sworn appraiser
* Marketing of the property	The seller bears the costs. Planning, preparation and execution of the marketing plan are conducted by the seller.	The estate agent bears all the marketing costs involved. The marketing plan is prepared and executed by the estate agent with the seller's

This includes 'for sale' approval. Estate agents boards, pamphlets and have expertise and advertisements in the knowledge of successful local newspapers. To marketing techniques. sell over the Internet, Many have their own registration with a web web sites, and can portal may be required. therefore advertise the A fee is charged for this property online as well. registration.

- | | | |
|----------------------|---|---|
| * Commission | None payable | Commission is paid as a percentage of the selling price. |
| * Viewing properties | Sellers will need to be prepared to be available at all times to conduct viewing at the buyers' convenience. They will also need to know how to show the property's best features, while not becoming defensive when comments are made. | Set viewing times are established. These times are at the seller's convenience. Only qualified and serious buyers will be shown the property. The estate agent can escort the prospective buyer through the property. Estate agents also know |

Inquisitive parties may come to view the best features of the property, even though there is no real interest to buy. Negative comments are transferred into suggestions on how to improve the marketability of the property.

* Price negotiation

It is often difficult for the buyer and seller to agree upon the appropriate final price. Estate agents serve as mediators and help negotiate a price which is acceptable to both parties.

* Contract of sale

Sellers will need to obtain contracts of sale. Estate agents provide standard contracts of sale. These will need to be completed correctly and explained to the buyer. They assist in the completion thereof and ensure that all material terms are continued. Incorrect completion of contracts can lead to misunderstandings and ultimately disputes. It is explained to both buyers and sellers. Estate agents

may also assist in
dispute resolution.

* Finance

Sellers will need to be familiar with different home loan packages offered by various financial institutions. Sellers may be required to assist buyers in completing loan applications and acquiring finance. Estate agents can refer buyers to banks or bond originators and thereby assist the purchaser in completing loan documents.

* Transfer

Seller will be required to be familiar with the registration process, transfer costs and conveyancers. Estate agents can assist by referring the parties to a conveyancer and submitting all necessary documents. They also provide feedback.

(Private huistransaksie kan verkoper duur te staan kom, 2003: X; Clarke, 2003: 36).

As seen from the above table estate agents provide imperative services within the sale of a property. Estate agents facilitate the process and are familiar

with all the relevant procedures and requirements. Both parties are saving both time and effort, through the utilisation of the services of an estate agent. Therefore, the services offered by estate agents are important.

3.6 CONCLUSION

Estate agents are professionals who sell immovable property on behalf of a client. For this service they are paid a fee referred to as commission. The sale of immovable property is a very simplistic explanation of the services that estate agents render. Not only do the estate agents assist in the marketing of the property, but they are also involved in every aspect of the process from the initial determination of market value to the registration of the property on the buyer's name. Contact is often maintained after the transfer is complete.

The following chapter will provide a brief discussion of the Code of Conduct as well as the disciplinary actions that may be instituted for the violations of the above-mentioned. The Estate Agents Fidelity Fund Certificate and the use of licence inspectors will be discussed as service quality instruments

SERVICE QUALITY INSTRUMENTS IN THE ESTATE AGENCY INDUSTRY

4.1 INTRODUCTION

The instruments utilised within the estate agency industry to ensure service quality will be identified and discussed within this chapter

The services rendered by estate agents within the real estate industry are required to be of a high standard of quality, in order to achieve a degree of customer satisfaction. To ensure high quality service delivery, certain instruments were developed by the Estate Agency Affairs Board. By means of these instruments all actions and dealings by estate agents with their clients are regulated. A higher quality of service delivery is ensured, through the practical implementation of the quality instruments within the industry.

4.2 QUALITY INSTRUMENTS

Service quality instruments vary from industry to industry. Within the real estate industry these instruments encompass guidelines created by the Estate Agency Affairs Board, as well as disciplinary procedures for violations of the guidelines. It is through these instruments that the Estate Agency Affairs Board attempts to ensure quality service delivery by estate agents.

Continuous revisions occur to these instruments to ensure that clients receive the best possible service delivery on a consistent basis. Instruments utilised refer to the Code of Conduct, Estate Agents Fidelity Fund Certificate, disciplinary actions, as well as the utilisation of licence inspectors (Delpont, 1993: 92).

4.2.1 Code of Conduct

The Code of Conduct is meant to regulate the actions of the estate agents operating within the real estate industry. It is aimed at encouraging the industry to take pro-active steps to ensure that dealings with both clients, colleagues, and competitors, are conducted in a moral and ethical manner. In this way the needs of clients will be effectively served, and industry development will be facilitated. Ethical behaviour within the real estate industry is therefore determined by the factors included within the code of conduct.

As this code regulates and monitors the actions of estate agents, certain disciplinary methods exist, by which to minimise violations of this code.

4.2.1.1 *General duty to protect the public's interests*

Protection of the clients and general public's interests have been identified by the Estate Agency Affairs Board as a primary consideration in the delivery of high service quality. Levels of service quality are often determined in

accordance with the level of satisfaction experienced by the client. The following guidelines are laid down by the Estate Agency Affairs Board to protect the interests of the general public.

- * Estate agents shall not act in a manner, which is contrary to the integrity of estate agents. A general standard of conduct is expected of estate agents in the conducting of their business. Estate agents cannot however, be found guilty of improper conduct, due to activities in their private lives or in alternative businesses. As these actions have no direct effect on the quality of service delivery experienced by clients receiving services rendered in an estate agency capacity, they have no relevance in the determination of service quality. Poor service quality by a few professionals within the real estate industry may cause a negative perception of the industry as a whole, thereby affecting the productivity of other estate agents (Code of Conduct, [n.d] online).

- * Protection of the interests of the client. While it is the duty of the estate agents to protect the interests of their clients, normally sellers, due regard should be assigned to the interests of all parties concerned. Continuous consideration of clients' interests will result in needs being satisfied, and high levels of service quality being perceived by clients (Duties of the estate agent, [n.d]: online).

- * Failure to perform duties. The Code of Conduct dictates that estate agents shall not in their capacity as estate agents fail to perform their

duties with the degree of care and skill reasonably expected. Maintenance of a high standard of professional conduct is exceptionally important within the real estate industry. Failure to perform duties will result in a low quality of service delivery (Code of Conduct, [n.d]: online).

- * Compliance with the Estate Agency Affairs Act No 112 of 1976. Non-compliance with the Act, and subsequent amendments thereto, not only constitutes a criminal offence but also improper conduct. Consequently the Estate Agency Affairs Board may take disciplinary steps (Estate Agency Affairs Act, [n.d]: online).

- * Discrimination in the form of a denial of equal services by an estate agent to a client on the basis of race, gender, and country of national origin, will not be tolerated. According to this clause, estate agents may not deny their services or offer a lower standard of service to clients, on the basis of the client's race or gender, than they would normally deliver (Code of Conduct, [n.d]: online).

- * Discrimination on the basis of financial assistance also affects service quality as perceived by clients. Discrimination on the basis of the prospective purchaser not being likely to use the financial assistance offered by a specific financial institution, as arranged by the estate agent, is prohibited. Debtors being entitled to select their own creditors, is the basis of this clause (Duties of an estate agent, [n.d]: online).

4.2.1.2 Mandates

Mandates regulate the direct relationship between the estate agent and the client. As a result of the importance of this relationship on service quality, numerous guidelines have been established to help ensure quality service delivery. These guidelines are as follows:

- ✳ Estate agents may not sell property unless a mandate has been received. Hereby the seller's right to privacy is protected, as well preventing the misrepresentation by an estate agent to the purchaser in relation to properties available for sale. Level of service quality is irrelevant, if the client did not request the service (Mandates, [n.d]: online).

- ✳ Conditions for accepting a sole mandate have also been developed to assist in service quality. Certain aspects are required to be included within a mandate document, to ensure that the client is aware of the estate agent's obligations. Sellers therefore have a basis on which to determine service quality. Sole mandates may not be accepted unless all the terms of the mandate are in writing and signed by the client (seller). Expiration date, expressed as a calendar date, must be specifically recorded in the sole mandate. Disputes are hereby avoided (Information on buying and selling, [n.d]: online).

Written consent is required in order to extend the duration of the sole mandate. In this manner double commission disputes are avoided. It is

imperative that the granting of an extension in relation to sole mandates be contained within a separate document and signed by both the seller and the estate agent. Legal implications of the extension must be explained to the client (Sole mandates, [n.d]: online).

- * Granting of Power of Attorney may be awarded to estate agents. Mandates usually do not confer a Power of Attorney on the estate agent. It is not prohibited for a Power of Attorney to be included within a mandate, but an explanation of the effects of such a mandate is required. Power of Attorney will allow the estate agent to act on behalf of the client in certain instances. A further service is offered in this manner (Code of Conduct, [n.d]: online).

- * Granting of a sole mandate for future resale of the property. It is prohibited for a clause to be included whereby the estate agent is granted a sole mandate in the event of the property being resold. Purchasers do not normally consider the possibility of resale at the conclusion of the sale agreement. Such a clause prevents the purchaser from being free to select the estate agent of his/her choice. Freedom of choice promotes free and fair competition amongst estate agents. Estate agents may become complacent and negligent in service delivery if they are certain of future business from clients. Service quality levels may suffer as a result hereof (Seller's choice, [n.d]: online).

- * Conflict of interest and avoidance thereof, constitute an important guideline in ensuring quality service. Estate agents may not accept mandates where the interests of the client are in conflict with the interests of the estate agent, unless the client is notified in writing thereof. It is unlikely that estate agents will deliver high levels of service quality, if the deliverance thereof, results in a conclusion that is in conflict with the interests of the estate agent (Mandates, [n.d]: online).

Estate agents may not directly or indirectly purchase for themselves immovable property over which they have a mandate. Such a sale requires the full consent and knowledge of the seller. Conflict of interest will thus be avoided. It is therefore required that the estate agent discloses such an interest to the seller (Delpont, 1993: 100).

- * It is considered dishonest conduct for an estate agent to make misrepresentations concerning the likely market value of a property, in order to obtain a mandate in respect of the property. An action such as these prejudices the seller and prevents free and fair competition. Distinction must be made and emphasised to the client, between market value and selling price. The general aim of this clause is to ensure that estate agents do not merely randomly select any figure when advising a seller as to the market value of the property. Comparative Market Analysis is a suggested means of determining market value. Unrealistic selling prices may prevent the rapid sale of the subject property. Accordingly

clients will perceive low service levels (Buying and selling of property, [n.d]: online).

- * Mandates requiring specialised knowledge constitute a specialised service to be delivered by estate agents. Mandates requiring expertise beyond the field of experience of the estate agent should not be accepted, unless a person possessing the necessary skills assists the estate agent. In this manner, a situation is avoided whereby members of the public suffer a loss due to incompetence on the part of the estate agent. Insufficient knowledge will prevent the estate agent from marketing the subject property accurately and delivering high quality service (Code of Conduct, [n.d]: online).

- * Explanations of sole mandates to clients are a compulsory service to be performed by estate agents. Specific obligations, with regard to the marketing of the property, to be assumed by the estate agent must be explained to clients. Consumers are often unaware of what specific marketing effect may be reasonably expected of the estate agent during the sole mandate period. Commission implications are hereby specified and clarified. Obligations undertaken by the estate agent should be in writing and contained within a separate agreement, as the services to be performed by the estate agent are clearly set out. Hereby clients are provided with a measure by which to assess quality of service delivery (Mandates, [n.d]: online).

4.2.1.3 *Duty to disclose*

Purchasing of property constitutes a long-term commitment for clients. Accordingly, the need for all relevant information is imperative for the decision-making purposes. As the services rendered by an estate agent rely primarily on the disclosure of all relevant facts, the duty to disclose is essential in ensuring service quality. Buyers experience a property for a short time period and therefore rely on the estate agent's knowledge to attain an accurate perception of the property (Tips for buyers and sellers of property, [n.d]: online).

Conveyance of facts related to the property is essential. An estate agent shall convey to a purchaser all material facts concerning the property as they are. It is required that the estate agent disclose all facts of which he/she are personally aware of, as well as those facts of which he/she agents should be reasonably aware of. Purchasers are provided with the information necessary to make a decision. Confidence in the estate agent's integrity will favourably influence service quality perceptions (Duties in respect of defects, [n.d]: online; Real estate commissions, [n.d]: online).

Names under which business is conducted need also be considered. Names of the real estate business must clearly be stated within all correspondence, circulars and other written documentation. Hereby clients are aware with whom they are conducting business (Code of Conduct, [n.d]: online).

4.2.1.4 *Avoidance of misrepresentations, false statements or harmful marketing techniques*

Due to the intangibility of services, consumers may rely on advertising to gain information. Within the real estate industry the advertising of subject properties is a crucial means of attracting potential purchasers. Advertising therefore needs to be professional and honest. Clients will not be misled and will experience higher levels of service quality.

Publishing advertisements is a primary consideration. To avoid misrepresentations estate agents may not publish any advertisements, which create the impression that the owner of the property published it. A prospective purchaser is entitled to know with whom he/she is dealing (Code of Conduct, [n.d]: online).

A false statement to either the seller or purchaser leads to confusion and increases the possibility of conflict occurring. Confirmed misrepresentations by the estate agent leads to low service quality perceptions by clients. Furthermore, false statements indicate a failure on the part of the estate agent to protect and act within the best interest of the client. It may result in the incurrence of additional financial costs for either the seller or purchaser. Furthermore it may also expose the parties to additional risk, if the misrepresentations are made to a financial institution (Delpont, 1993: 102).

It is prohibited for an estate agent to claim specialised knowledge or expertise in relation to the standard services offered by the real estate industry, if the said estate agent does not possess the specialised knowledge or expertise. Misrepresentations by estate agents concerning the level of their experience with regard to the standard services offered are therefore avoided. Hereby estate agents do not advertise the deliverance of services beyond their capabilities. Consequently clients have a realistic expectation of the service to be delivered by the estate agent (Code of Conduct, [n.d]: online).

Advertisements may not indicate a selling price other than the one agreed upon with the seller. Sellers are required to agree either verbally or in writing to a marketing technique where the real asking price is not specifically indicated. Lack of relevant information within the advertising copy may prove to be a deterrent to prospective purchasers. Hence the sale of the subject property may be delayed (Estate agent found guilty of misconduct, [n.d]: online).

No harmful or misleading marketing techniques may be employed to influence either the seller or purchaser. Experience of the person to whom the marketing technique is directed, constitutes an important factor in the determination of whether the techniques utilised were harmful or misleading. Incentives offered, but never rewarded by estate agents, are regarded as harmful marketing techniques (Information on buying and selling, [n.d]: online).

Trading names constitute an area where misrepresentations may occur. Estate agents may not utilise any trading name, which may give rise to confusion on the part of the public, in respect of the nature of the estate agent's business. Estate agency business names such as 'For sale by owner' may mislead the public into believing that they are not utilising the services of an estate agent, but dealing directly with the owner (Code of conduct, [n.d]: online).

Placement of advertising boards may affect the marketability of the property. Presence of numerous boards on the subject property, detracts from the overall appearance. Purchasers may be influenced negatively hereby. It is prohibited to affix any board or notice unless the seller has provided written consent and the estate agent has a mandate to sell the property. Sellers' consent for placement of such boards will be contained within the mandate given to the estate agent. 'Sold' boards may only be displayed if the estate agent negotiated the transaction and all suspensive conditions contained within the agreement of sale have been fulfilled (Information on buying and selling, [n.d]: online).

4.2.1.5 Duties in respect of offers and contracts

Compilation and explanation of offers constitute an important service delivered by estate agents. Offers and contracts signal the beginning of the interrelationship that occurs between the purchaser and seller. Estate agents

facilitate this process. Superior and expedient facilitation enhances the service quality level.

Offers are required to be submitted to the seller by the estate agent. Sellers will only be informed of offers in certain instances. Firstly, the offer has to be in writing and signed by the offeror. Secondly, offers need to be bona fide (in good faith). Estate agents may not falsify offers. Hereby sellers are saved the inconvenience of considering offers which do not meet their specified requirements (Duties of the estate agent, [n.d]: online).

Presentation of offers in a professional manner reflects the level of service delivery of the estate agent. Certain offers need not be presented to the seller, if the seller has instructed the estate agent not to present such a offers. It is not permitted for an estate agent to selectively withhold offers received by the estate agent. A seller may specifically instruct the estate agent not to submit offers below a certain price for instance. It is advisable for the offer to be presented personally to the seller, so that all material terms contained therein may be conveyed to the seller. Sellers are to be allowed to select and consider offers at their convenience. As a service, estate agents explain the terms contained within the separate offers to their client, to assist in decision-making. Familiarity with submitted offers improves the delivery of this service (Duties of the estate agent, [n.d]: online).

Prejudiced acceptance of offers is prohibited. Estate agents may not present competing offers in such a manner as to induce the seller to accept a

particular offer. Due regard must be given to the advantages and disadvantages associated with each offer. Sellers, and not buyers, are the estate agent's clients. Personal considerations, due to an emotional involvement with a prospective purchaser, must not be allowed to affect the judgement of the estate agent (Code of Conduct, [n.d]: online).

During the course of compiling and signing contracts, the parties may require amendments to be made. Amendments by an estate agent to any of the provisions contained within signed offers (prior to rejection), written mandates, or contracts of sale, are not permitted without the express knowledge and consent of all parties to the contract. Unauthorised adjustments lead to confusion, and may render contracts null and void. Consent to perform the service of amending offers must be in writing and signed by both parties. Adjustments in the contract of sale should be initialled by both parties (Delport, 1993: 103).

Explanation of offers and contracts entails a thorough knowledge of all material terms within the sales contract. Estate agents are obliged to explain to every party to a written offer or contract, prior to signature thereof by the parties, the meaning and consequences of all material provisions contained therein. Hereby estate agents provide the service of clarifying any unfamiliar or unusual terms, hence enhancing comprehension of terms by parties to the contract (Buying and selling a house, [n.d]: online).

Should the estate agent not be equipped to provide such an explanation, it may be referred to a party who can do so. It is recommended that both the seller and buyer consult their attorneys prior to signing any contracts. As many buyers and sellers are relatively inexperienced in relation to property transactions, explanations in layman's terms is essential and creates favourable impressions in relation to service. Buyers and sellers should not blindly place their trust in their estate agents. Explanations may vary from brief to detailed, dependant upon the parties' experience (Code of Conduct under the spotlight, [n.d]: online).

Notification of the progress of the offer is essential. It is required that estate agents notify the offeror of whether the offer, submitted by the estate agent prior to the expiration date thereof, was accepted or rejected. A person who has submitted an offer is entitled to know whether it was accepted or rejected. Estate agents are required to notify the purchaser forthwith, once they become aware of whether the offer was accepted or rejected. Notification may occur verbally or in writing. Timeous notification is an essential component of service quality. Purchasers become dissatisfied when they are unable to ascertain whether offers were accepted or rejected. Constant contact between estate agents and purchasers improve the level of service delivery in this regard (Code of conduct, [n.d]: online).

Furnishment of copies of the contracts to both parties is imperative in assessments of service quality, as it constitutes a basic service, which is mandatory. Without undue delay, the estate agent must furnish every party to

the contract, with a copy of the agreement of sale and any offers. This clause obliges an estate agent to furnish a copy of a written mandate to the seller. Such copies must be provided as soon as possible. Copies are provided regardless of whether they were specifically requested or not. It will prevent confusion and misunderstanding, as all relevant terms, conditions and obligations are clearly specified within the contract (Duties of an estate agent, [n.d]: online).

4.2.1.6 *Prohibition against undue influence*

Estate agents are prohibited from exerting any undue influence on parties to utilise or refrain from using certain professionals within the real estate transaction process. It is the purpose to the estate agent to facilitate the transaction process, and the level of service quality is determined according to the degree by which the estate agent facilitated the process. Therefore, it is not within the estate agent's mandate and capability to influence any party in any way during the process. Clients prefer to make a decision with expert assistance rather than have the decision made for them. Undue pressure will negatively affect service quality perceptions (Delpont, 1993: 105):

An estate agent may not pressurise a party into selecting a particular attorney, conveyancer, or firm of attorneys. Sellers are the only party legally obliged to select an attorney to assist in the transfer of the property. While an estate agent may be of the view that a specific conveyancer is able to expedite the transfer more than other conveyancers, it does not justify the seller being

influenced to utilise or refrain from using the services of a particular conveyancer. Estate agents may suggest a particular conveyancer, if so asked by the seller. However, while the estate agent made a recommendation, the choice rests solely with the seller. Estate agents may facilitate the transfer process by providing the selected conveyancer with all relevant details timeously. Clients often regard expedition and facilitation of the transfer process as an important service delivered by estate agents (Seller's choice, [n.d]: online).

Purchasers may not be pressurised by an estate agent into utilising the assistance offered by a specific financial institution. Estate agents should not favour one financial institution over another with a view to furthering the estate agent's own personal interests. Nothing prevents estate agents from providing the purchaser with the loan packages offered by the various banks, thereby assisting the purchaser in selection of the institution to be approached for a loan. Estate agents approach numerous financial institutions on behalf of purchasers to arrange finance. All relevant information will be completed within the application form by the estate agent on the purchaser's behalf, prior to approaching the financial institutions. This service offered by estate agents is imperative, as the success of the transaction relies upon the obtaining of finance (Duties of an estate agent, [n.d]: online).

4.2.1.7 *Remuneration*

Estate agents are remunerated for their services in the form of commission. Remuneration occurs upon completion of the transaction. Commissions are agreed upon prior to the performance of any service by the estate agent. Consequently, it is payable regardless of the level of service quality experience by clients.

It is not permitted for an estate agent to request any remuneration or commission before the contract of sale is completed. It is not in the best interest of the client to be held responsible for payment of commission if the sale does not arise. Estate agents' services are utilised for the purpose of selling the property. Failure to do so indicates non-performance of the required service. Consequently they are not entitled to remuneration (Buying and selling advice, [n.d]: online).

Inclusion of clauses in contracts of sale whereby it is stipulated that commission is payable regardless of whether suspensive or resolutive clauses are fulfilled, are prohibited. Exceptions to this prohibition exist. Firstly, commission may be charged where extraordinarily long periods have lapsed between the signature and fulfilment of conditions. Secondly, if the party liable for payment of commission agrees in a separate written document to the payment of commission prior to fulfilment. In other words if unexpected delays have occurred and the estate agent has performed the required

services to the client's satisfaction, he/she may be remunerated prior to registration (Code of Conduct, [n.d]: online).

Estate agents are not permitted to convey to any party that they are prevented by either the Law, the Estate Agency Affairs Board or any other institute, from charging less than a particular commission or fee (Choosing an estate agent, [n.d]: online).

No prescribed commission tariff exists. By means of this clause the Estate Agency Affairs Board attempts to avoid misrepresentation by the estate agent as to the amount of commission that may be charged. As no prescribed tariff exists, clients often assume that the rate of commission charged is related to the services offered by the estate agent. Superior services offered by estate agents verify the charging of a higher rate of commission. Estate agents who offer fewer services, and charge a high commission rate are not going to be perceived as delivering high quality service (Information on buying and selling, [n.d]: online).

Advertising of an estate agent's commission rate is permitted. However, estate agents may not advertise that their rates are lower than competitors. Estate agent's commissions are usually linked to the services offered by the estate agent. Therefore such advertising is misleading (Code of Conduct, [n.d]: online).

It is not permitted for an estate agent to introduce a prospective purchaser to a property if the estate agent is aware, or has reason to believe, that such a person has already been introduced to the property by another estate agent. Occurrence of such a situation would necessitate the payment of double commission by the client. Written consent by the seller is required before an estate agent may introduce the party to the property. Double commission disputes are hereby avoided (Delpont, 1993: 106).

In situations where the previous estate agent delivered low levels of service, and was consequently not the effective cause of the sale, the prospective purchaser may be re-introduced by another estate agent. In this manner the client's best interests are protected. Incurrence of double commission and related disputes will be regarded as poor quality service delivery by clients (Code of conduct, [n.d]: online).

A clause pertaining to the payment of commission regardless of the ability of the purchaser to financially fulfil his/her obligations is prohibited. It is an important part of the service of the estate agent to introduce prospective purchasers who are financially able to purchase the property to the seller. A clause pertaining to the payment of commission regardless of the financial ability of the buyer, indicates the payment of remuneration for non-deliverance of a service. This is a clear example of poor service, as it is unlikely that estate agents will perform their services if sellers are compelled to pay commission regardless of a contract being concluded. A seller's best interests are not protected if such a clause is contained within the agreement.

Purchasers who fail to apply for loans or falsify information will become liable for payment of commission (Buying and selling advice, [n.d]: online).

According to the Estate Agency Affairs Act No 112 of 1976, all estate agents and agencies are required to register with the Estate Agency Affairs Board (Estate Agency Affairs Act, [n.d]: online). Therefore, sellers who are represented by an unregistered estate agent in the sale of their property are not required to pay commission. As the estate agent is not registered, they do not recognise the Code of Conduct that is meant to regulate their actions. Neither would they possess valid Fidelity Fund Certificates. Sellers and buyers are both at risk when an unregistered estate agent is utilised in the sale of immovable property. It is imperative that sellers are aware that unregistered estate agents are not entitled to sales commission. Unregistered estate agents are unfamiliar with the service quality instruments and guidelines. Therefore, they are unable to deliver the required high levels of service quality (Unregistered estate agents, [n.d]: online).

4.2.1.8 Trust money and Interest

It is imperative that estate agents are honest and professional when delivering the service of administering trust money (deposits) for clients. Clients are easily able to monitor and determine service quality levels once physical funds have been transferred to the estate agent. High service quality levels are experienced when estate agents constantly inform clients of any changes occurring in relation to the funds. Honesty and integrity will form the basis of

high service quality levels. As a result of the nature of this service several guidelines have been established to assist estate agents in delivering superior professional service (Dui risiko in polisse aan, 2003: 1).

An estate agent is not permitted to influence a party, which is entitled to the trust funds in the estate agent's possession, to pay the estate agent the interest on that money. The Estate Agency Affairs Board states that all interest that is earned on trust money (deposits) held by the estate agent will be paid into the Fidelity Fund. It is required that both the seller and the purchaser be informed prior to the estate agent receiving money in trust, that the interest earned on that money is paid in the Estate Agents Fidelity Fund (Code of Conduct, [n.d]: online).

Payments of interest to alternative parties will need to be agreed upon in writing by all relevant parties to the contract. It is advisable that such an agreement be contained within a separate document, signed by all relevant parties. Implications of such a decision must be clearly explained by the estate agent to both the seller and the purchaser. Explanations and the compilation of the separate agreement should occur before the estate agent receives the trust money. To ensure high quality service, such payments must occur timeously with all conditions and terms adhered to. Estate agents are required to facilitate the payment process (Estate Agents Amendment Act, [n.d]: online).

A requirement exists whereby estate agents are required to invest all money held by the estate agent at the best interest rate available at the financial institution where the estate agent's Trust Account is kept. Estate agents may request a fee for the administration of the Trust Account, provided that a written agreement to do so exists. To protect the client's best interests the trust money is invested within an accredited financial institution. Investment of trust money by estate agents precludes sellers from investing the money themselves. Once again service quality levels are assessed in accordance with the degree of honesty and integrity clients experience (Estate Agency Affairs Act, [n.d]: online).

Clauses allowing for the early payment to the seller, of any portion of the purchase price (deposit), prior to registration are prohibited an exception to this clause occurs if good cause therefore exists. Furthermore, if the purchaser consented in writing in a separate document thereto. It is required that the purchaser, seller and the estate agent grant such consent prior to the conclusion and signature of the contract of sale. An explanation of the implications and financial risks associated with early payment is required. Estate agents are required to ensure that all parties are aware of the consequence of early payments. Once consent has been acquired estate agents will arrange the payment to the seller in a quick and efficient manner. Prompt service will constitute an important factor in the assessment of service quality (Code of Conduct, [n.d]: online).

Estate agents may not include clauses whereby they are entitled to deduct money from the trust amount that was entrusted to them. It is therefore not permitted for estate agents to deduct their commission from money held in trust. Deductions may only be made once the money has been legally paid by the estate agent to the relevant party. Deposits are normally kept in trust by estate agents. As a general rule deposits are paid to the seller upon registration of the property. Purchasers may however, consent to the payment of the deposit to the seller prior to registration. Estate agents are entrusted with the administration of trust money. Unauthorised deductions violate this trust, and constitute improper conduct. It is possible to assume that deductions without consent will create an unfavourable impression with clients, regardless of the prior service levels delivered (Estate Agency Affairs Act, [n.d]: online; Code of Conduct, [n.d]: online).

4.2.1.9 *Confidentiality*

It is not permissible for an estate agent to divulge any confidential information in relation to the purchaser or seller. In cases where just cause exists, estate agents are permitted to provide confidential information to the required party. Divulging confidential information will breach the trust placed in the estate agent by the relevant party. As income levels are dealt with in the transaction process, parties will view public discussions of their income unfavourably (Real estate sales commission, [n.d]: online).

4.2.1.10 Vicarious responsibility

Vicarious responsibility refers to the responsibility of the owner of an estate agency, in other words the principals of estate agencies. By means of this clause the principal will be held responsible for violations of the Code of Conduct by estate agents working for that specific estate agency. It is also required that principals take reasonable steps to prevent the occurrence of a contravention of the Code of Conduct. Principals are therefore required to ensure compliance with the Code of Conduct. One method is by constantly training estate agents. Estate agency principals are hereby required to ensure that their estate agents deliver high levels of service quality in order to satisfy clients' needs efficiently (Code of conduct, [n.d]: online).

4.2.1.11 Revision of the Code of Conduct.

In 1993 the current Code of Conduct was compiled and instituted. Since then there have been no revisions to the Code of Conduct. However, the Estate Agency Affairs Board has embarked upon a programme to revise and update the current Code of Conduct. The revision of the Code of Conduct will impact on the quality of service delivery by altering the language to make it easier to read and use (Code of Conduct revisited, [n.d]: online).

Provision will be made for the relatively new concept of buyer agencies. When the Code of Conduct was drafted the concept of buyer agency did not exist within South Africa. A buyer agency will improve the quality of service

delivery as the buyer employs the agent and his/her needs are protected by an estate agent separate to the seller's. Furthermore, current anti-discrimination clauses are to be extended and reworded, to clearly prohibit any form of discrimination in relation to the marketing of the property and the discouragement of buyers from purchasing in certain neighbourhoods. Hereby all parties are entitled to superior service levels (Code of Conduct under the spotlight, [n.d]: online).

Clauses allowing the seller to pay the buyer's costs have proven problematic. Sellers maintain that they were unaware of such a clause and merely initialled a blank clause. Details of the costs to be paid by the seller are then supposedly filled in by the estate agent at a later stage. In situations where the seller is to pay the buyer's costs, a detailed description of the various costs, as well as the total amount payable, will be provided within a separate document. Estate agents are delivering poor service if they allow sellers to sign blank clauses. Detailed explanations of all costs ensure that the parties are familiar with their obligations. Consequently disputes are avoided and the process is expedited. Higher levels of service quality are often experienced as a result hereof (Investing in South Africa, [n.d]: online).

4.2.2 Estate Agents Fidelity Fund

A fund was created, by the Estate Agency Affairs Act No112 of 1976, of which the primary purpose is to re-imburse members of the public who have suffered losses due to dealings with estate agents. Buyers and sellers are

therefore secured against any potential losses. It is the duty of the estate agent to explain to the relevant parties the extent of the protection, and the procedure to be followed in the event of a claim. It is referred to as the Estate Agents Fidelity Fund and is controlled and managed by the Estate Agency Affairs Board. Principals of estate agencies are able to claim from the Fidelity Fund if losses are incurred due to the dishonesty of their estate agents. Superior quality service will dictate that the estate agency principal supports a client who has instituted a claim against one of the employed estate agents (Estate agents, [n.d]: online).

4.2.2.1 Fidelity Fund Certificates

Estate agents are required to apply to the Estate Agency Affairs Board for a Fidelity Fund Certificate. Upon receipt of the application for a Fidelity Fund Certificate the Estate Agency Affairs Board will verify that all provisions have been complied with, and that there are no contraventions of the Estate Agency Affairs Act. Prior contraventions of the Code of Conduct, and reported inadequate service delivery will be considered upon application. Once verified the Estate Agency Affairs Board will issue the applicant with a Fidelity Fund Certificate. Fidelity Fund Certificates are valid for one year, and need to be renewed annually. Estate agents are compelled by law to have Fidelity Fund Certificates (Estate Agents Amendment Act, [n.d]: online).

4.2.2.2 *Contribution of funds*

It is required that estate agents contribute certain funds into the Fidelity Fund. The following are a few of the funds that estate agents are compelled to deposit into the Fidelity Fund:

- * Estate agents are required to make annual contributions to the Fidelity Fund; and
- * Interest accrued on deposits / trust monies. These funds may be forfeited if estate agents violate the Code of Conduct and continually deliver poor service (Estate Agency Affairs Act, [n.d]: online).

4.2.2.3 *Consequences for estate agents*

Estate agents will suffer certain consequences if the Estate Agency Affairs Board is required to pay compensation to a member of the public.

The first consequence is that the Estate Agency Affairs Board is entitled to take legal action against the estate agent in order to recover the amount the Estate Agency Affairs Board was required to pay the claimant;

The second consequence concerns the losses incurred by members of the public, as a result of improper conduct on the part of the estate agent. As a result it is possible for the Estate Agency Affairs Board to withdraw the Fidelity

Fund Certificate of the estate agent. Thereby preventing the estate agent from continuing as an estate agent; and

The third consequence relates to Fidelity Fund Certificates. As Fidelity Fund Certificates are renewable annually, an estate agent will be disqualified from obtaining (through renewal) a Fidelity Fund Certificate. Once the full amount that the Estate Agency Affairs Board re-imbursed the claimant has been repaid by the estate agent, may a Fidelity Fund Certificate be issued. These consequences will improve the quality of service delivery as improper conduct may lead to a loss of income for estate agents (Delpont, 1993: 83).

4.2.2.4 *Disqualification from being issued with a Fidelity Fund Certificate*

Disqualification is often based on poor service delivery. Hereby clients are protected from estate agents, which continually deliver poor service, as such estate agents are promptly disqualified. Estate agents may be disqualified from being issued with Fidelity Fund Certificates on the basis of the following:

- * Estate agents have been convicted of an offence involving dishonesty, such as theft or fraud;
- * Unsound mind is also a basis for disqualification;
- * If an estate agent was found guilty of an offence which resulted in compensation being paid from the Fidelity Fund;
- * The Fidelity Fund Certificate was withdrawn due to improper conduct by the estate agent; and

- * Prescribed training has not been complied with by the estate agent (Estate Agency Affairs Act, [n.d]: online).

4.2.3 Disciplinary action

Estate agents who have delivered poor service quality and violated the Code of Conduct will be disciplined accordingly. Disciplinary action will be used to correct improper conduct by estate agents. In this manner estate agents will be encouraged to continually deliver improved levels of service delivery. Clients are therefore required to report all experiences of poor service to either the estate agency principal or the Estate Agency Affairs Board. Service quality levels will be improved through this quality instrument.

4.2.3.1 *Improper conduct*

Clients will report the inadequate service experienced to either the estate agency principal or the Estate Agency Affairs Board. It will then be determined as to whether the actions of the estate agent constitute improper conduct. Improvements to service quality will be aided, through clients being informed of conduct that is deserving of sanction. In this manner clients are aware of what actions are regarded as improper and may inform the estate agent thereof, as soon as the actions occur.

Improper conduct may be summarised as any of the following actions by an estate agent. Receipt of remuneration from both the buyer and seller without

a written agreement by both parties permitting such a double payment. Failure by estate agents to provide a written detailed explanation of any of their actions, constitutes improper conduct. Any person who has a material interest (such as a buyer or seller) in the sales transaction may request such an explanation. Explanations are to be submitted in writing within thirty days of the request. Non-payment of levies, fines, or annual contributions, to the Estate Agency Affairs Board within one month after the date upon which it was payable, represents a basis for the institution of disciplinary action against the estate agent. If an estate agent does not comply with an Estate Agency Affairs Board's request for information in writing within the specified period, the Estate Agency Affairs Board may exercise the rights assigned to it by the Estate Agency Affairs Act No112 of 1976. Failure to comply with any provision contained within the Estate Agency Affairs Act is considered a form of improper conduct. Contravention of any provision contained within the Code of Conduct, and an offence involving an element of dishonesty that was committed constitute improper conduct (Conduct deserving of sanction, [n.d]: online).

4.2.3.2 Jurisdiction of the Estate Agency Affairs Board

The Estate Agency Affairs Board only has jurisdiction over acts performed by estate agents in their capacity as estate agents. Consequently actions by estate agents in their personal capacity exceed the jurisdiction of the Estate Agency Affairs Board. These Estate Agency Affairs Board may therefore only

correct actions that constitute improper conduct within the real estate industry (Jurisdiction over improper conduct, [n.d]: online).

4.2.3.3 *Penalties*

Penalties are aimed at correcting improper conduct by estate agents. The Estate Agency Affairs Board aims to correct poor service and thereby improve service within the industry. It is also hoped that the penalties may prove to be a deterrent to other estate agents in the rendering of their services. Specific penalties have been determined for violations of the Estate Agency Affairs Act, as well as penalties for the improper conduct of estate agents. These penalties are penalties for contravening the Estate Agency Affairs Act and penalties imposed for improper conduct by estate agents (Committees of inquiry, [n.d]: online).

4.2.3.4 *Disciplinary procedures*

Disciplinary procedures were revised and published in the Government Gazette on the 26th of January 2003. In terms of these revisions the lodging of complaints and the conduction of proceedings during a committee of inquiry were revised. Previous disciplinary procedures tended towards punitive objectives. Furthermore the system was adversarial in that adjudicators were solely required to make decisions on the basis of evidence. The new procedure tends towards dispute resolution rather than arbitrary punishment. It is therefore more flexible whereby the circumstances of each individual case

will determine the approach the committee of inquiry will follow, namely adversarial or an inquisitorial approach. In this manner it is able to determine the actions regarded as improper according to clients. Amicable dispute resolution facilitates the correction of improper conduct (New procedural regulations [n.d]: online).

4.2.3.5 *Mediation*

It is possible for the Estate Agency Affairs Board to attempt to resolve disputes by means of mediation. In situations where both parties are willing to mediate, the Estate Agency Affairs Board will act as mediator. It is hoped that through this process estate agents will be confronted with their service levels and be encouraged to make the necessary corrections. Service quality is therefore enhanced. Disputes may be settled via mediation (Jurisdiction over improper conduct, [n.d]: online).

4.2.3.6 *Formal charges*

Disputes, which are not resolvable through mediation, are referred to a committee of inquiry. In this situation the complainant is required to submit a written detailed description of the estate agent's actions which were offensive. Estate agents are then invited to submit an affidavit as to their comments on the complaint. Formal charges are often regarded as a deterrent for other estate agents as often financial costs in the form of fines may be incurred. A committee of inquiry will be convened and the estate agent's service delivery

will be scrutinised. It is also possible for clients who are not satisfied with the disciplinary procedures recommended to appeal the decision. Legal costs may be incurred by the estate agent in his/her defence. Furthermore, the names of the estate agents convicted of improper conduct are published in the Government Gazette (Lodging a complaint of improper conduct, [n.d]: online).

4.2.4 Appointment of Licence Inspectors

The Estate Agency Affairs Board is investigating the possibility of appointing Licence Inspectors. Licence Inspectors will be appointed in all provinces to ensure that all estate agents are registered with the Estate Agency Affairs Board. Fidelity Fund Certificates will be consulted to determine whether estate agents and agencies are registered. Through the registration of estate agents, clients are protected by the Estate Agency Affairs Board, as estate agents' actions are regulated by the Code of Conduct. Licence inspectors will ensure that all estate agents are registered and practically employing all aspects within the Code of Conduct. Service quality is improved as estate agents' service delivery will be monitored and regulated on a continuing basis (Licence inspectors, [n.d]: online).

4.3 COMPARISON BETWEEN THE SOUTH AFRICAN AND U.S.A. DISCIPLINARY ACTIONS / PROCEDURES

A degree of similarity exists between the South African and USA real estate industry. As a result of this similarity it is possible to compare and correlate certain aspects. A comparison may be drawn between the disciplinary procedures aimed at improving service quality, and the Code of Ethics as utilised as quality service instruments, within both countries. While the USA industry and Code of Ethics pre-dates the South African model, certain common practices have been considered with the view to introduction within South Africa. The most recent concept is that of buyer's agency. To be able to compare the disciplinary procedures of both countries it is advisable to compare the respective Codes of Conduct / Ethics.

4.3.1 U.S.A. real estate industry

It is estimated that in 2000 there were over 400 000 estate agents / realtors operation within the U.S.A. Estate agents are required to complete a written examination prior to being licensed. All estate agents are required to be licensed in order to practice. Licences are reviewed annually, often on completion of a written test. Several universities, colleges and junior colleges across the country offer Bachelor degrees in real estate. Estate agents are governed and regulated through the National Association of Realtors (NAR), and the prescribed Code of Ethics, compiled in 1903 (Real estate brokers and agents, [n.d]: online).

A brief illustration of the main points of the U.S.A Code of Ethics follows:

- * Estate agents are required to place the interest of their clients above their own;
- * Dishonest conduct is a violation of the Code of Ethics and must be avoided;
- * Misrepresentation, concealment and the withholding of important facts in relation to immovable property is prohibited;
- * Confidentiality is imperative;
- * Conflicts of interests are to be avoided;
- * All relevant State and Federal laws are to be considered and abided by ;
- * References to competitors must be conducted in an impartial, objective manner. False or misleading statements in relation to competitors is strongly discouraged;
- * Co-operation among estate agents is advocated;
- * Estate agents are not permitted to represent clients, who are currently represented by another estate agent; and
- * Violations of the Code of Ethics must be reported to the National Association of Realtors with immediate effect (Ethics in real estate, [n.d]: online).

Table 4.1 Areas in which the South African Code of Conduct and the U.S.A. Code of Ethics correspond

South Africa	United States of America
<p>1. Estate agents are required to protect the interest of clients at all times with due regard to the interests of other parties.</p>	<p>1. Estate agents act in the best interests of those who should benefit from the estate agent's conduct. Interests of estate agents are therefore subordinate to those interests of the client</p>
<p>2. Wilful or negligent misrepresentations with regard to immovable property are prohibited.</p>	<p>2. Exaggeration, misrepresentation, withholding or concealing pertinent facts must be avoided.</p>
<p>3. Mandates are not to be accepted if the estate agent's interests would compete with the interests of the client.</p>	<p>3. Potential conflicts of interest must be avoided. The interests of the estate agent are not allowed to take precedence over the interests of clients.</p>
<p>4. It is prohibited for estate agents to introduce prospective purchasers to a property, when the estate agent is</p>	<p>4. Interference with the rights of other real estate professionals with regard to two separate estate agents</p>

<p>aware that the prospective purchaser has already been introduced by another estate agent. Double commission will be paid by the client in this situation.</p>	<p>representing the same client is prohibited.</p>
<p>5. Estate agents are required to comply with the Estate Agency Affairs Act, and all relevant legislation pertaining to the industry.</p>	<p>5. Compliance with all State and Federal laws and legislation pertaining to the real estate industry is required.</p>

Sources: (Ethics in real estate, [n.d]: online; Real Estate brokers and agents, [n.d]: online; Code of Conduct, [n.d]: online)

4.3.2 Grievance hearings and disciplinary actions in the U.S.A.

Dissatisfied clients in the U.S.A. will direct complaints to the National Association of Realtors (NAR). Complainants will provide a written account of the circumstances from which the complaint arose. Estate agents in turn also provide a written account of their actions. The NAR will review the facts and make a decision as to whether the Code of Ethics was violated, and what disciplinary steps are required (Ethics and board arbitration, [n.d]: online).

Complainants in the U.S.A. may request the NAR to refer the complaint to a Professional Standards Hearing Panel. Hearings are a formal process, which

determines whether the Code of Ethics was violated (Complaint, [n.d]: online).

Hearings for potential violations of the Code of Conduct tend to be adversarial in nature with attorneys and witnesses being present. A presiding officer will be appointed for the hearing. Evidence will be submitted under oath. Only documents relevant to the complaint will be considered by the presiding officer. Cross-examination of witnesses is a common occurrence in disciplinary hearings. Hearings will be transcribed or recorded by a party appointed by the NAR. Only the appointed party is permitted to record the proceedings. Transcripts will be available for purchase after the hearing by the relevant parties. All parties are required to maintain confidentiality in relation to the complaint. Upon revision of all facts the presiding officer will arrive at a decision as to the appropriate disciplinary action to be employed if any (Outline of procedure for hearings, [n.d]: online).

4.3.2.1 *Comparison between the penalties imposed by the Estate Agency Affairs Board of South Africa and the NAR of the U.S.A.*

Penalties employed by both associations in relation to violations of the Code of Conduct / Ethics is compared as follows:

Table 4.2 Comparison of penalties

Estate Agency Affairs Board	National Association of Realtors
1. Withdrawing Fidelity Fund Certificate in extreme cases	1. Warnings placed on the member's File
2. Fined up to an amount of R1 000 for violations occurring before 1 st of January 2003	2. Letters of reprimand placed on file and often used in conjunction with other disciplinary actions
3. Fined up to an amount of R25 000 for violations occurring after 1 st January 2003	3. Compulsory attendance of ethics seminars and courses
4. Awarding of up to eighty per cent of the fine to the party who suffered a loss as a result of improper conduct by the estate agent	4. Fines ranging from \$500 to a maximum fine of \$2 500, depending upon the number of violations
5. Placing the name of the estate agent found guilty of improper conduct on the website of the Estate Agency Affairs Board, as well as	5. Probation for a period of not less than thirty days, but not exceeding a period of one year

publishing it in the Government Gazette (Committees of Inquiry, [n.d]: online).	
	6. Suspension of membership
	7. Expulsion
	8. Administrative fees not exceeding \$500

(Disciplinary action, [n.d]: online; Suggested guidelines for disciplinary action, [n.d]: online).

As seen from the table, the U.S.A. real estate industry has numerous disciplinary actions that differ according to the severity of the violation. In this regard the U.S.A. industry is more progressive than its South African counterpart. Furthermore, the U.S.A. industry has clearly identified the parameters and requirements for the institution of each disciplinary action. Therefore, the South African real estate industry will benefit from an analysis of the U.S.A industry's disciplinary procedures.

4.4 ENFORCEMENT OF THE CODE OF CONDUCT

Provision was made in South Africa within the Estate Agency Affairs Act No 112 of 1976 for all estate agents to be registered in order to practice.

Registration is confirmed through the issuing of a Fidelity Fund Certificate. However, a national research conducted by "Homenet" has indicated that as many as two out of every five estate agencies are not registered with the Estate Agency Affairs Board, and therefore are not governed by the Code of conduct (Unregistered estate agents, [n.d]: online).

According to Mr M. Spencer (personal interview: 2004) reporting unregistered estate agents / agencies to the Estate Agency Affairs Board yields no results, and often the matter receives no attention.

Reference has been made to an initiative by the Estate Agency Affairs Board involving the appointment of Licence Inspectors. This project is a direct result of the demand by the estate agency industry for stronger action against unregistered estate agents. An amount of R5 million has been budgeted for awareness programmes promoting registration of estate agents. Licence inspectors have thus far only been initiated in Kwa-Zulu Natal, with very favourable results (License inspectors, [n.d]: online).

4.5 CONCLUSION

Estate agents are governed and regulated by means of the Code of Conduct, compiled by the Estate Agency Affairs Board. Permitted and prohibited actions by estate agents are clearly prescribed within the Code of Conduct. Violations of the Code of Conduct have clear corresponding penalties that

may be imposed. The most extreme penalty that may be imposed for improper conduct, is the withdrawal of the estate agent's Fidelity Fund Certificate. Such a withdrawal will systematically end the estate agent's right to practice as an estate agent.

Research methodology utilised within this research project will be discussed in the following chapter. Particular attention will be given to the methods of data collection and analysis employed.

RESEARCH METHODOLOGY

5.1 INTRODUCTION

Mouly (1978: 12) describe research as the best-conceived process of arriving at dependable solutions to problems, through the planned and systematic collection, analysis, and interpretation of data (Wilkinson, 2000: 1).

The methodology used to collect, analyse, and interpret data relating to the quality of service delivery by estate agents is discussed as follows.

5.2 DATA COLLECTION

Data may be collected in various ways. The following is an outline as to how the data was collected.

5.2.1 Types of research

Descriptive, causal, and exploratory researches are the predominantly utilised research methods. Firstly, exploratory research is preliminary research conducted in order to clarify the exact nature of a specific problem. Secondly, descriptive research concerns the conducting of research to ascertain

whether a specific situation will result in the development of general theories. Lastly, causal research aims to determine whether one variable will cause or determine the value of another variable (Gates and McDaniel, 2001: 28 and 29).

The study is exploratory research and descriptive. Research was conducted to determine the quality of service delivery by estate agents within Bloemfontein. Exploratory research was conducted to determine whether the service delivery was of a high or low standard. Descriptive research was utilised to determine whether agents and clients agreed upon the level of service delivery.

5.2.2 Data types

Two broad types of research data exist, namely quantitative and qualitative research data.

Qualitative research data is concerned with the gathering and analysis of non-numeric information. According to Merriam (2002: 4 and 5) qualitative research concerns the attempt to understand situations, their uniqueness, and any possible interactions occurring. Merriam defines qualitative research as analysis striving for depth of understanding.

Quantitative research data aims to collect, analyse and interpret data in numerical form. Quantitative research is characterised by being highly

structured. Questionnaires are commonly used as quantitative data collection methods. Mathematical and statistical analysis is commonly utilised in the analysis of quantitative research (Wilkinson, 2000: 7).

Primarily quantitative research and data were utilised within this study. A small degree of qualitative data was obtained through the use of open-ended questions within the questionnaire.

5.2.3 Data collection methods

Gates and McDaniel (2001: 173) identify three primary methods of data collection, namely survey, experimentation and observation. Observation concerns the recording of behavioural patterns without questioning or communication with respondents. Experimentation involves changing one variable and observing the change upon another variable. Survey research focuses upon questioning respondents in some manner in order to determine the answers to questions relating to a specific field.

This study used survey research in order to collect both quantitative and qualitative data. An analysis of the variable types of survey methods assisted in the determination of the appropriate method to be utilised within the study.

5.2.3.1 *Survey methods*

Three main types of survey methods may be used to collect data. Mail surveys, telephone surveys, and personal interviews, are the survey methods predominantly utilised by researchers.

Mail surveys involve the distribution of questionnaires to specific persons or addresses. Two main forms of mail surveys exist, namely ad-hoc mail surveys and mail panels. Ad-hoc mail surveys refer to the distribution of one questionnaire to a selected name, with no prior contact. Mail panels are utilised when respondents have been pre-contacted and screened by the researcher (Gates and McDaniel, 2001: 189).

Telephone surveys involve the selection of random telephone numbers through random-digit dialling. Interviewers are trained to collect information in a uniform and consistent manner from respondents via telephone (Cant, Gerber-Nel, Nel and Kotze, 2003: 84).

Personal interviews refer to interviews conducted directly between the respondent and the interviewer. Previous methods did not involve the need for the interviewer and respondent to be present at the same time in the same physical location, as personal interviewing does. Both mail and telephone surveys were utilised within this study (Goddard and Melville, 2001: 49).

5.2.3.1.1 Advantages of mail surveys

Mail surveys encompass certain advantages over the other two mentioned methods. The main advantages that are important for mail surveys are that:

- * The least expensive survey method;
- * Respondents are able to consult personal records to obtain the necessary information;
- * Visual aids may be utilised; and
- * A more anonymous method of data collection (Gates and McDaniel, 2001: 189).

5.2.3.1.2 Advantages of telephone surveys

- * Telephone interviews are often regarded as the quickest data collection method;
- * This method is a relatively inexpensive method of collecting survey data;
- * Computer-assisted telephone interviews allow respondent answers to be entered directly into the computer; and
- * Telephone interviewing has the potential to produce high-quality sample (Cant, Gerber-Nel, Nel and Kotze, 2003: 84; Gates and McDaniel, 2001: 185)

5.3 QUESTIONNAIRE DESIGN

Questionnaire design relates to aspects such as the type of questions to be included and the layout of the questionnaire. The questionnaires were designed to encourage respondent co-operation; therefore the design of the questionnaire was imperative. The use of easy to read questions, set out in a logical manner, as well as relatively short questionnaires lead to a greater degree of participation on the part of respondents.

5.3.1 Scales

To measure attitudes, scaling was utilised. Scaling refers to the assignment of numbers (quantitative measures) to abstract concepts. Numerous scales exist which may be utilised within a questionnaire.

Likert scale is defined as a set of responses displaying a series of attitudes towards an object. Attitudes usually range from favourable to unfavourable, and are assigned numerical values. Total scores are calculated to determine the respondents' attitude towards the object. This method provides a clearer method of determining respondents attitudes towards the service. It also helps to identify a preference towards a particular service. Likert scale is identified as the most preferable scale to utilise within the questionnaires, as the attitude of clients towards the services delivered by estate agents was to be measured (Shoa, 2002: 233).

5.3.2 Questionnaire layout

Questionnaire layout can be a contributing factor toward the willingness of respondents to complete the questionnaire. Attention was therefore given to every aspect of the questionnaire (Shoa, 2002: 271).

Questions were positioned in a manner, that created a logical flow, so that it was easy to follow. Screening questions were included in the client's questionnaire to ensure that only qualified respondents completed the questionnaire. Questions were worded in a concise and clear manner in order to be easily understood by respondents. Both open-ended and close-ended questions were utilised within the questionnaire.

Close-ended questions required respondents to select one or more answers from a pre-determined list. This method allowed for the pre-coding of answers. Data analysis was therefore expedited. Furthermore interview and coder bias were eliminated. Two predominant types of close-ended questions were used. Dichotomous questions occurred when respondents were requested to select one of two answers. Multiple-choice questions requested respondents to select from a list of two or more responses. Both forms of close-ended questions were utilised within the study (Shoa, 2002: 272 and 273)

Open-ended questions allowed respondents to answer questions in their own words. Respondents were provided with the opportunity to explain the

reasons for their answers. It was therefore possible for respondents to answer from their own frame of reference. Editing and post-coding of answers were necessitated through the use of open-ended questions. A greater deal of time, money and interpretation is required (Wilkinson, 2000: 46).

To develop an effective questionnaire for this study, attention was given to the following aspects:

- * Five point scales were used to allow for the possibility of a neutral answer;
- * Questions were not too long;
- * Question sentence length did not exceed twenty words;
- * Only questions relevant to the research problem were included;
- * No hidden assumptions were present within the questions;
- * Double-barrelled questions, and questions using negatives, were avoided;
- * Sensitive questions were positioned at the end; and
- * Language was unmistakably clear (Goddard and Melville, 2001: 48).

5.4 SAMPLING

Questionnaires were sent to both estate agencies and clients (buyers and sellers). Sampling methods differed for the separate respondents.

5.4.1 Estate agency

The Estate Agency Affairs Act No. 112 of 1976 dictates that all estate agents and agencies be registered with the Estate Agency Affairs Board in order to practice. Due to this legal requirement, all registered estate agencies in Bloemfontein will be included within the study. A census of all 128 practising registered estate agencies within Bloemfontein was conducted.

Data was gathered by means of a questionnaire that was personally delivered to all registered estate agencies with physical premises. This ensured that only the principals who were required to complete the questionnaire received the questionnaires. Registered estate agencies, which were Internet based and did not possess physical premises received E-mailed questionnaires addressed to the principal/manager. It was therefore a census more than a survey of all agencies. If agencies did not reply, within a month of receiving the questionnaire, they were personally contacted to remind them and if necessary, copies of the questionnaires were re-sent. A list was kept of all responses received; so as to prevent duplication of questionnaires sent out. Completed questionnaires were gathered personally from the different estate agencies.

5.4.2 Clients

Data was collected via questionnaires. In order to obtain recent responses all the residential properties bought and sold in Bloemfontein within the last two

years were analysed. This was accomplished by contacting the deeds office where all title deeds were publicly available for inspection (Delport, 1993: 18).

These title deeds provided erf numbers that were translated into physical addresses inspecting the valuation roll. Addresses derived were then utilised to determine respondents' telephone numbers. The following table indicates the number of properties registered in 2002 and 2003.

Table 5.1 Number and value of properties in Bloemfontein

BLOEMFONTEIN DEEDS OFFICE

<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
TOTAL	3 000	341 021 657

Source: Mrs L. Mostert, Bloemfontein Deeds Office

Table 5.1 illustrates that during the period 1st January 2002 to 31 December 2003, 3 000 properties were registered within Bloemfontein. This figure resulted in a population size that was too large for a complete a census as a method of survey. Financial and time constraints were the main reasons for the selection of a sample. Accordingly an affordability method of selecting a sample size was selected. In section 5.4.4 it will be explained how the sample was selected, as well as the size of the sample selected.

Questionnaires with accompanying self-addressed envelopes were sent to all of the selected respondents. The questionnaire was divided into two sections. The first section was addressed to sellers; the second section targeted buyers. This questionnaire also made provision for the occurrence of two separate situations. The first situation occurred when buyers had not previously owned property. These buyers are referred to as first time buyers. The second situation occurred when sellers did not repurchase property after selling the original property due to economic or other considerations. The two-section questionnaire ensured that both buyers and sellers were targeted in equal quantities.

To maximise response rate, telephone interviews were conducted once the mailed questionnaires had been received back from respondents. The number of questionnaires received back was insufficient to warrant a truly representative sample. For this reason respondents who has not returned the mail questionnaire were contacted and questioned telephonically.

5.4.3 Sampling methods and sample size

Two main types of sampling methods exist, namely probability and non-probability sampling. Probability sampling refers to a sample where elements of the population are randomly selected. Non-probability samples occur where elements are selected in a non-random method (Gates and McDaniel, 2001: 333 and 335).

Four types of probability sampling exist. Simple random sampling, systematic, stratified random sampling, and cluster sampling, are methods of probability sampling.

- * Simple random sampling ensures that every element of the population has an equal chance of being selected. Commonly numbers are assigned to every member of the population, a pre-specified number of elements is randomly selected from the numbered population (Goddard and Melville, 2001: 36);
- * Systematic random sampling occurs when elements are selected from the numbered population using a skip interval (Gates and McDaniel, 2002: 408);
- * Stratified sampling requires the division of the population into representative subsets. Elements are then randomly selected from each of the subsets (Cant, Gerber-Nel, Nel, and Kotze, 2003: 132); and

- * Cluster samples refer to the selection of a sample from a specific geographic area (Jarboe, 1999: 89).

In this study probability sampling was utilised in order to reduce the presence of bias. Systematic random sampling was the selected means of sampling the client population. Systematic sampling facilitated the projection of sample results to the target population, as every member of the population had an equal chance of being selected. It was possible to select respondents from computer and customer lists.

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

The following is an illustration as to how the sample was selected. Accordingly 20 % of a 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 erf number was selected. In order to determine the starting point an arbitrary point was selected on a table of random digits. Accordingly the erf number which corresponded the most with the arbitrary point was selected

as the starting point. The valuation roll provided the addresses of the selected erf number, to which the questionnaires were sent. These erf numbers was selected and the valuation roll provided the addresses to which the questionnaires were sent.

If a respondent indicated that the services of an estate agent or agency were not utilised, the respondent was replaced. The next valid figure identified by systematic sampling was used to yield the next respondent to be surveyed.

5.4 LIMITATIONS

This study was limited to the Bloemfontein metropolitan region, as a result of financial constraints. The substantial number of registered estate agencies within South Africa also proved to be a restricting factor. Within South Africa there are 8 121 registered estate agencies. In Bloemfontein alone there are approximately 1 200 registered estate agents employed by 100 estate agencies. Therefore only the principals of the registered estate agencies were survey, rather than the individual estate agents (MLS Suksesvol in Bloemfontein, 2003: VIII; Rudansky-Kloppers and Strydom, 2004: 58).

A second limitation concerned the time period. In terms of clients who had bought or sold their properties a time period of two years had been selected. In other words only those that had bought or sold property within the last two complete years (2002 and 2003) were eligible for inclusion within the study.

People involved in property deals earlier than two years before were not considered because of the clients' inability to recall accurately the quality of service received. Clients that purchased property two or less years before, were more likely to recall the quality of service they received as opposed to a client who purchased property more than two years before.

The ease with which estate agents and agencies enter the industry made it quite possible that estate agents/agencies that existed more than two years ago do not exist today (Agente skiet op soos paddastoele, 2003: 5). In addition, in 1998 and early 1999, the interest rates soared, thereby affecting the industry and clients as well. This caused much caution when purchasing property, and there was a decline in activity within the industry. The last two years had seen a period of relative stability in terms of interest rates and therefore provided a period for analysis where very few external factors distorted the result of the study.

This study was limited to the buying and selling services offered by the estate agency industry. Estate agencies offer many services such as leasing and the management of sectional titles complexes. However the buying and selling of property constitutes the service with which most clients are familiar, and is a service that is under the regulation of the Estate Agency Affairs Act as well as the Estate Agency Affairs Board.

5.6 RELIABILITY AND VALIDITY

Reliability and validity ensure that the questionnaires that are distributed will deliver data that can be processed into meaningful information, relevant to the research problem.

5.6.1 Ensuring reliability

Reliability refers to methods utilised to ensure that measures are consistent from the one administration of a questionnaire to the next. Various methods exist whereby reliability may be tested. Test-Retest Reliability, Equivalent form reliability, and Internal consistency reliability, are methods utilised to test reliability.

A census of all registered estate agents was conducted. The population of registered estate agents within Bloemfontein is relatively small. Therefore it was not advisable to exclude many from the main survey. Three estate agencies were selected on which to test the questionnaire in terms of reliability.

In terms of reliability the Test-Retest method was utilised. According to Goddard and Melville (2001: 46) this approach requires that the questionnaire be administered twice, with the second administering taking place at a later stage. In this way it will be determined whether the results are

similar. The questionnaire was tested twice upon the selected three agencies.

In relation to clients, six clients were selected upon which to test the questionnaire. This size was once again due to financial and time constraints. Hereby three sellers and three buyers were selected. The test-retest approach was utilised to test the reliability of the clients' questionnaires. For both clients and estate agents the second round of testing was conducted in the pilot study. Therefore the same estate agencies and clients were included within the pilot study to test the measures a second time. Similar results were yielded from these respondents as in the pilot study, thus indicating the reliability of the measurement instrument.

5.6.2 Ensuring validity

It is required that it be determined whether the questionnaire actually measures what it is required to measure. Five main methods of testing validity exist. They include face validity, content validity, criterion-related validity, concurrent validity, and construct validity (Gates and McDaniel, 2001: 258 and 261).

A limited number of studies have been conducted on this topic, and none within Bloemfontein. As a result content validity was the most suitable method to utilise to determine reliability within this study. Hereby it was necessary to determine whether the questionnaire items represented the

population under study. To achieve this, expert opinion of the questionnaire was gathered. The three agencies selected formed an expert panel, able to evaluate content validity. Furthermore, the experts were able to determine whether the questionnaire as a whole constituted a representative test. Each agency selected had advanced knowledge of services within the industry.

Validity was measured using the content validity approach in respect of the questionnaire designed for the client respondents. This is due to the pre-mentioned aspect of a lack of prior research. Clients had not been surveyed within Bloemfontein with regard to the quality of service delivery of estate agents. This method therefore determined whether the question items provided adequate coverage of the topic under discussion.

5.7 MINIMISING ERRORS

Efforts were made to reduce errors prevalent within survey research. Random sampling error and systematic error or bias, are the two main types of error that occur within survey research in particular.

Random sampling error occurs due to chance variations between the sample value and the true value of the population. Random sampling error is unavoidable and may be reduced through an increase in sample size (Gates and McDaniel, 2002: 408).

Systematic Error or Bias, refers to the errors resulting from research design or execution. Systematic error consists of two broad types of error, namely measurement error and sample error. Sample error refers to error occurring due to incorrect sample selection. Different forms of error constitute both measurement error and sample error. They are discussed as follows (Cant, Gerber-Nel, Nel, and Kotze, 2003: 78):

- * Frame error is the result of an incorrect and incomplete sample frame. As it is a legal requirement for all properties sold to be registered in the new owner's name, the sample frame of all properties registered within 2002 and 2003 is relatively complete. In this manner sample frame error is reduced (Gates and McDaniel, 2001: 174);

- * Selection error is incurred due to the implementation of incomplete or incorrect sampling procedures. Efforts were made to reduce the occurrence of this type of error by ensuring that the randomly selected respondents were sent questionnaires. All registered estate agents had questionnaires personally delivered to their offices (Shoa, 2002: 205);

Measurement error is the result of a variation between the information being sought and the information obtained through the research. Questions within the questionnaire attempted to only derive the necessary information relevant to the research problem. The following types of error are examples of measurement error (Cant, Gerber-Nel, Nel, and Kotze, 2003: 79):

- * Surrogate information error refers to the discrepancy between the information needed to solve the research problem. Clear definitions of the research problem assisted in the reduction in the occurrence of this type of error (Gates and McDaniel, 2001: 175);
- * Measurement instrument bias refers to errors arising from the design of the questionnaire. Paying careful attention to the design of the questionnaire reduced this type of error. In addition the questionnaire was subjected to pre-testing (Shoa, 2002: 205).
- * Processing error occurs due to the incorrect transfer of information from the questionnaire to the computer programme. Processing error was reduced through quality control procedures in data transfer (Cant, Gerber-Nel, Nel, and Kotze, 2003: 80);
- * Non-response bias refers to the systematic difference between those chosen for the sample who respond, and those who did not respond. Attempts were made to encourage those chosen for the sample to respond (Gates and McDaniel, 2001: 180); and
- * Response bias occurs as a result of the tendency of people to answer particular questions in a certain way. Numerous types of response bias exist, however two basic forms may be identified. Bias due to deliberate falsification on the part of the respondent is the first form. Unconscious

misrepresentation by respondents may also have caused response bias to be present within the survey (Shoa, 2002: 207).

5.8. REDUCING BIAS

Through the issuing of reminder notes to non-respondents, and questionnaire design, bias was marginally reduced. However bias is present within the study. The presence of non-respondents influenced the result of the study, therefore attempts were made to reduce the number of non-respondents to the distributed questionnaire.

5.9 PILOT STUDY

Pilot studies constitute the pre-testing of a questionnaire. Within the pilot study the exact procedures for the study were implemented. Respondents for the pilot study were chosen from all categories of respondents in order to ensure representativeness within the pilot group. Flaws within the questionnaire were identified. Errors were reduced through the careful revision of the questionnaire (Wilkinson, 2000: 63).

5.10 COVER LETTER

Wilkinson (2000: 43 and 44) identifies the importance of a cover letter within a postal questionnaire. Many researchers regard the cover letter as essential in the determination of the receiver's willingness to co-operate. It is suggested that an outline and purpose of the study be contained within the cover letter. Cover letters are to be carefully structured, with the interest of the receiver being stressed above those of the researcher. Provision of a contact number for respondents seeking further information is also regarded as an element that should be included within the supplied cover letter.

Within this study the Central University of Technology, Free State, supplied a cover letter, detailing the purpose of the study (See example in Appendix D).

5.11 DATA PROCESSING

To analyse the data, cross-tabulations were utilised, whereby both estate agencies and clients' answers to similar questions were recorded. Cross-tabulations allow for the consideration of the answers to one question in relation to the answers to another particular question. One-way frequency tables were utilised in order to determine how many respondents answered particular lead questions. As recommended by Shoa frequency tables were utilised for questions where there was no link between the two questionnaires (Shoa, 1999: 441).

5.11.1 Hypothesis testing

Gates and McDaniel (2001: 414) define a hypothesis as an assumption or theory made in relation to the population under study. Accordingly a hypothesis is to be stated. Two forms of hypothesis exist, namely the Null Hypothesis (H_0) and the Alternative hypothesis (H_1). In relation to this study the null hypothesis was regarded as poor quality of service delivery by estate agents. High quality of service delivery therefore constituted the alternative hypothesis.

The hypothesis stated therefore clearly indicated no specific direction of difference between the null and alternative hypothesis. Accordingly a two-tailed hypothesis test was conducted (Kumar, Aaker, and Day, 1999: 455).

Hypothesis testing creates two basic errors; Type I error and Type II error. Type I error refers to the rejection of the null hypothesis when it is true. Type II error is the acceptance of the null hypothesis when it is false. Within this study provision was made for the probability of a Type I error (Goddard and Melville, 2001: 70).

According to Goddard and Melville (2001: 71) a level of significance must be selected for the occurrence of a Type I error. Predominantly two significance levels are utilised namely five per cent and one per cent. Levels of significance indicate the maximum level of chance of the occurrence of a Type I error.

Gates and McDaniel (2001: 416) consider the level of significance to be the probability that is considered too low to justify the acceptance of the null hypothesis. Significance levels are therefore imperative in the determination of the selection of either the null or alternative hypothesis. For the purposes of this study a five percent significance level was selected. This percent is denoted as 0,5. Accordingly the null hypothesis was rejected if the test figure was higher than the tabular value of the hypothesis test selected.

Failure to reject the null hypothesis was utilised when there was insufficient evidence to reject the null hypothesis and conclude that the alternative hypothesis was correct (Gates and McDaniel, 2002: 512).

5.11.2 Test statistics

Shoa (2002: 455) regards chi-square test as hypothesis testing which determines whether the difference between two sets of frequencies are significant in that the difference is too great to be attributed to sampling fluctuations. Chi-square is an example of a non-parametric test and is a univariate technique. It is required that no more than twenty percent of the cells have an expected frequency of twenty percent and none have a frequency of less than one.

A second test statistic was also utilised, namely T-test. This is a method used to estimate the probability that a difference between two populations occurs as a result of chance. It is the ratio of difference between two means and the

expected dispersion standard deviation) around the means. Once the t-test has been calculated its value is compared to a value in the T-distribution table. This value is selected on the basis of a specific degree of freedom and confidence level. A calculated value below the T-value indicates no real difference, while the opposite is true (Gates and McDaniel, 2001: 424 to 427 and 484).

The data collected from the questionnaires was processed by means of a computer programme known as the Statistical Programme for Social Studies (SPSS). As this study was meant to prove or disprove the poor image of the estate agency industry, a Chi-square test was an appropriate method of data processing. This study provided a comparison between estate agencies and clients, therefore a Chi-square test of two independent samples was utilised (Gates and McDaniel, 2001: 421)

Degrees of freedom were utilised to determine the relevant value within the chi-square distribution table that determined whether the test figure resulted in the acceptance or rejection of the null hypothesis (Gates and McDaniel, 2002: 516).

5.12 CONCLUSION

Research methodology refers to the methods whereby the data will be collected, analysed and interpreted by the researcher. Researchers are

required to make decisions in relation to the types of data, data collection methods and the means utilised to analyse the collected data. Imperative within this decision-making process is the research problem and sub-problems identified. All research methodology to be employed must assist in the creation of a solution to the research problem.

The following chapter will concern the empirical study and the results derived from the empirical study.

RESULTS OF THE EMPIRICAL STUDY

6.1 INTRODUCTION

The empirical study refers to the practical application of the study. There were two separate groups of respondents, namely estate agents and clients. Related survey methods were utilised in the gathering of information from these respondent groups. In this study a hybrid of research methods was utilised for the client section of the population. Sample respondents firstly received a mailed questionnaire. The return addresses of respondents were placed on the envelopes, prior to being mailed, in order to identify the respondents who returned the questionnaires.

Respondents who did not return the questionnaire were contacted telephonically. Interviews were then conducted with respondents, utilising CATI (Computer Assisted Telephone Interviews). Responses were entered directly into the computer. Open questions were coded and entered into the computer system. Three hundred and thirty two (332) responses were obtained from a sample of 600. In respect to the estate agent section of the population, 128 registered agencies were identified as practising in October 2004. Questionnaires were delivered to all registered estate agents. Seventy-five (75) responses were received.

The results of the research are presented in terms of bar graphs, pie charts, frequency tables as well as cross tabulations. Where percentages do not add up to 100% respondents could choose more than one option.

Responses were weighted in order to provide a scale; thereby efficiently reducing the data contained within the grouped questions to a single numerical score (an index figure). Assigning scores to patterns of responses (Always, Frequently, Seldom, Neutral and Never response groups) did this.

Mean, standard deviation and variance were calculated on these group questions. The standard deviation measured to what degree scores dispersed around the mean, while the variance was calculated to better analyse the results. Mean scores were calculated on figures loaded in the response categories in questions, which were contained within grouped table questions.

The mean provides information about the general level of a set of scores, it provides no information about how much variance exists. The standard deviation provided more information about the degree to which responses differed in relation to a particular question variable.

The analysis of the results is divided into four sections. Section one concerns the analysis of the seller's section of the questionnaire. Section two analyses the buyer's responses, while the third section analyses the estate agents

responses. Section four consists of the cross tabulations in relation to buyers, sellers and estate agents.

6.1.1 Sellers

Please note that certain sellers bought property after sale, and accordingly completed both sections of the questionnaire. However respondents who did not repurchase property only filled in the first section of the questionnaire. Furthermore respondents who had not previously sold property only completed the second section of the questionnaire. Therefore the N value (number of respondents) between the sections varies. However, it is necessary to emphasise that a total of 332 individual respondents completed the questionnaire, whether only one or both sections.

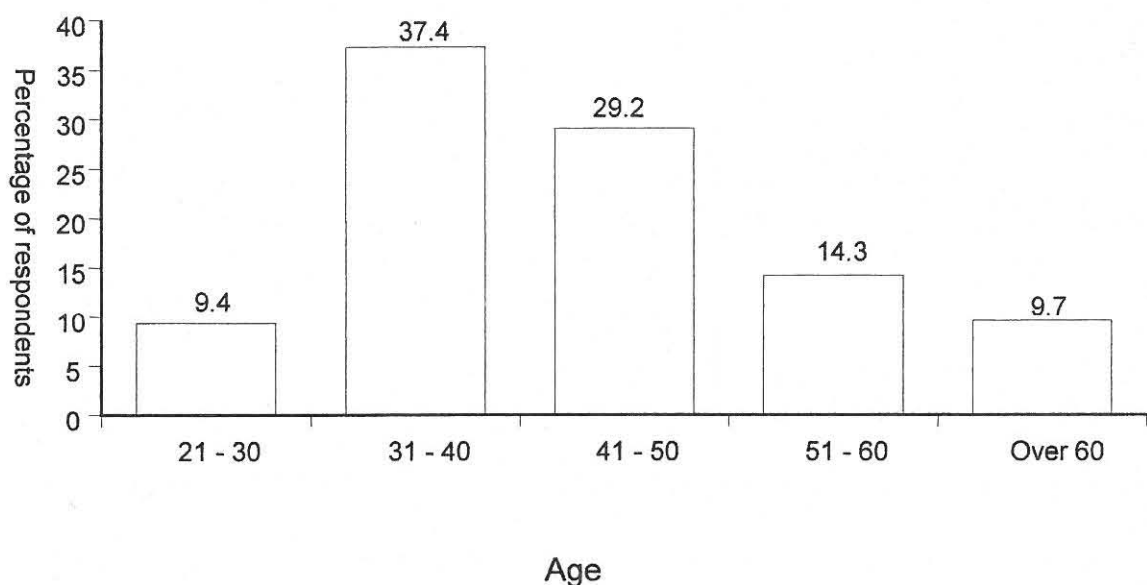
Sellers are the primary clients of the estate agent and are responsible for the payment of services received. It is essential that their perceptions of the service delivery be analysed. As mentioned before, the client's questionnaire was divided into two separate sections, namely sellers and buyers. Respondents were asked a question to ascertain whether they had bought or sold property within the last two years.

6.1.1.1 Demographic information

Demographic information was obtained in order to determine the age categories and selling price levels of respondents. This information is later used to determine whether the service delivery varied according to age or price level. Question 19 analysed this situation.

Figure 6.1: Age category

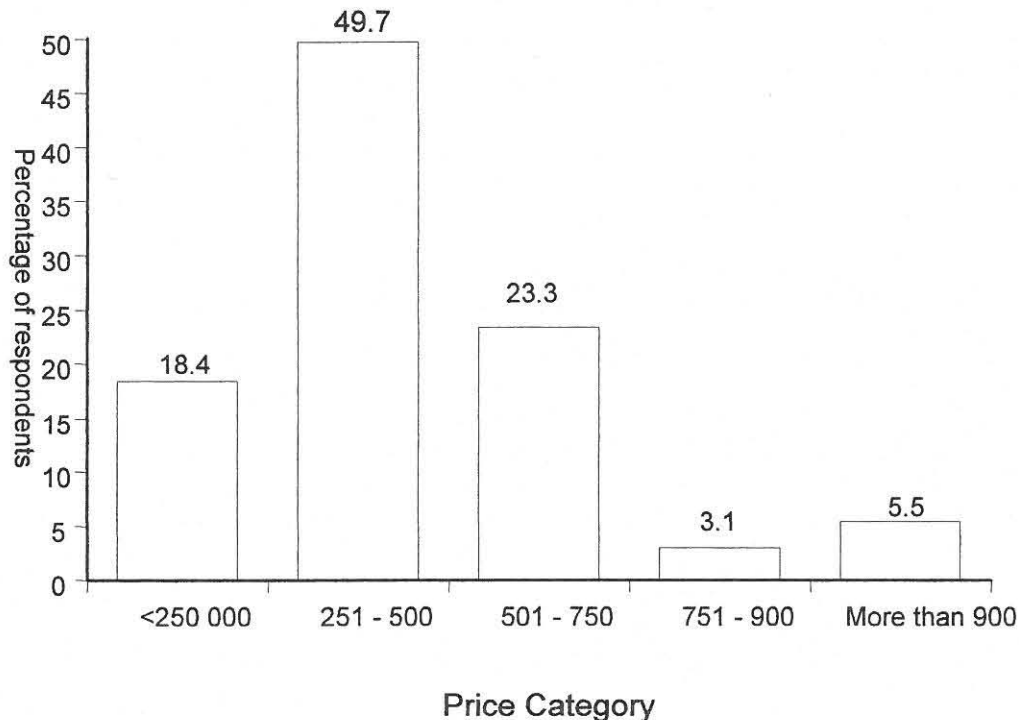
(N = 169)



The predominant number of respondents (37,4%) fell in the age category of 31 to 40, while 29.2% of respondents were in the 41 to 50 age category. It is possible that the age categories play a part in the extent to which estate agents deliver service. Estate agents may select certain age groups to which they deliver a higher level of service than in relation to other age groups. This will negatively affect service delivery as well as the image of the industry.

Figure 6.2: Selling price

(N = 169)



Selling price is regarded as a demographic factor as it helps to distinguish consumers, therefore it is situated under the same head as that of age. In relation to the selling price of property the majority (49.7%) of respondents indicated that they had sold a property within the R251 000 to R500 000 price category. A further 23,3% of respondents indicated that they had sold property within the R501 000 to R751 000 price bracket. The least number of respondent's (3,1%) sold property in the R751 000 to R900 000 category. Selling prices under R250 000 yielded 18,4% of respondents.

It is possible to assume that estate agents deliver more services to respondents in a higher price bracket, as they constitute a higher commission for the client. However, it is clear that estate agents derive most of their

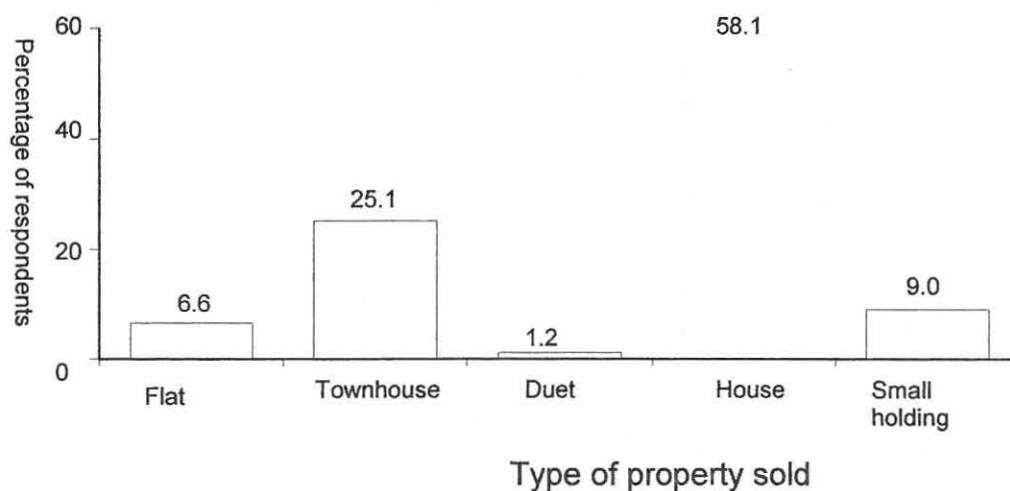
business from respondents in the R251 000 to R500 000 bracket. These respondents would therefore be able to evaluate the service delivered best, as an “average” commission would be earned by estate agents selling in this category. Cross tabulations will also illustrate that it is respondents in the R251 000 to R500 000 category that indicated the highest percentages of service delivery by estate agents.

6.1.1.2 *Types of property sold and the use of estate agents*

Respondents were asked this question in order to determine the type of property which estate agents are required to sell the most. The results are shown in Figure 6.1.

Figure 6.3: Type of property sold

(N = 169)

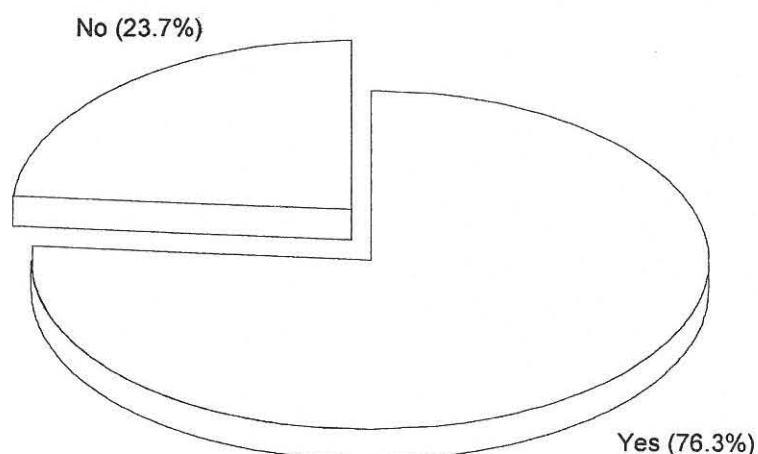


As may be seen above, 58,1% of respondents indicated that they had sold houses. Over a quarter (25,1%) of responses cited townhouses as the second most popular type of property sold. These properties constitute the property types in which estate agents need to specialise their services. Therefore estate agents are required to keep abreast of all changes relating to house prices and sectional title laws in order to ensure a high level of service delivery.

Respondents were whether they utilised estate agents services, in order to determine the extent to which estate agents are utilised within the industry, i.e. to determine their market share. Graphical representations of the results are indicated within Figure 6.2.

Figure 6.4: Utilised the services of an estate agent

(N = 169)



Utilised the services of an estate agent

Of the respondents, who had sold property in the last two years, 76,3% utilised the services of an estate agent. It is possible to conclude that estate agents are utilised by the majority of sellers within Bloemfontein. Therefore it may be concluded that estate agents have the monopoly of the market share in Bloemfontein, as they have no real opposition in the residential property market. However, the possession of a monopoly may lead to the industry becoming stagnant and complacent, without adjusting to changing client needs and service requirements.

It is interesting to note that 23,7% did not utilise the services of an estate agent. They had therefore participated in an essentially private sale. This could possibly indicate dissatisfaction with the service delivery of estate agents. This section of the population represents lost clients to estate agents. It is possible that these dissatisfied respondents may cause future lost business for estate agents through word-of-mouth.

6.1.1.2.1 Cross tabulation of use of estate agents

A cross tabulation was compiled in order to determine whether specific price categories were more likely or less likely to utilise the services of an estate agent.

Table 6.1: Utilise an estate agent

(N= 169)

Selling price counts %rows	Utilised an estate agent	
	Yes	No
<250 000	22 73%	8 27%
251 000 – 500 000	61 75%	20 25%
>500 000	46 79%	12 21
Total	129 76%	40 24%

It is within the over R500 000 price category where the largest percentage of respondents used estate agents (79%). The lowest percentage of respondents using the services within a specific price category is the category of under R250 000 (27%). Clients appear to perceive a slightly higher need for the services of an estate agent the higher the selling price of the property. Estate agents may also be expected to deliver a higher level of service the higher the selling price.

6.1.1.3 *Services delivered*

Respondents were asked question 4 (see attached questionnaire) in order to determine which services were delivered by estate agents to their clients; namely sellers. Therefore the aim of the question was to determine what services were commonly delivered by estate agents.

Table 6.2: Services delivered

(N = 169)

Services	Yes (%)	No (%)	Yes (n) Frequency	No (n) Frequency
Discuss selling needs	83.6%	16.4%	107	21
Suggest marketing tips	52.3%	47.7%	67	61
Conducted a CMA	52.4%	47.6%	66	60
Marketing strategy	50.0%	50.0%	64	64
Compiled a Deed of Sale	84.4%	15.6%	108	20
Provide copies of Deed	75.8%	24.2%	97	31
Satisfied with service	77.3%	22.7%	99	29
Selling price match	68.5%	31.5%	87	40

This research indicated that 84,4% of respondents had Deeds of Sale compiled on their behalf by estate agents. Furthermore, 83,6% of respondents indicated that estate agents discussed their selling needs.

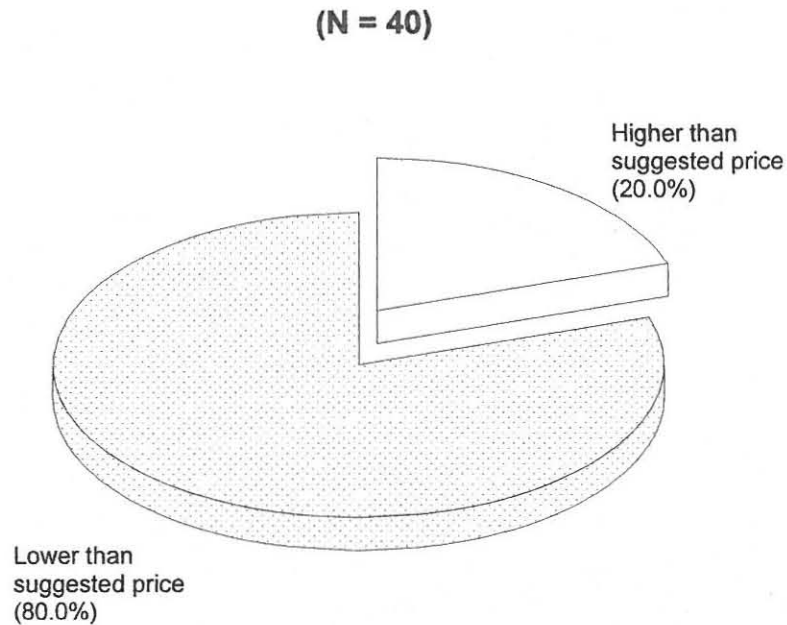
Most respondents (77,3%) indicated that they were satisfied with the service they received from the estate agents. However, it is important to note that 22,7% of respondents indicated dissatisfaction. It is possible that this group of dissatisfied respondents will not utilise the services of an estate agent again. Consequently the percentage of respondents not using estate agents may increase, thereby diminishing estate agents' market share and business potential.

Lower percentages of respondents indicated that marketing tips, a Comparative Market Analysis (CMA), or provision of Deeds of Sale had been conducted on their behalf (52,3% and 52,4% respectively).

It is important to note that only 50,0% of respondents indicated that the estate agents had compiled a marketing strategy on their behalf. The marketing strategy is the primary method of determining how the property will be marketed. No compilation indicates poor service delivery, and makes it difficult for clients to evaluate service delivery. This poor service delivery perception could be further enhanced by the fact that 47,7% of respondents had not been given marketing tips for the property by the agent.

In addition 47,6% of respondents indicated that a Comparative Market Analysis had not been conducted by the estate agent. In relation to this figure 31,5% of respondents indicated that the selling price suggested by the agent had not matched the final selling price. A viable CMA will help determine a realistic and achievable selling price. It is possible that negative service perceptions will be created if the price suggested by the estate agent was considerably higher (over priced) than the final selling price obtained. Such a situation will occur if a viable Comparative Market Analysis (CMA) is not utilised. Figure 6.3 analyses this situation further.

Figure 6.5: Price difference



In terms of the 31,5% of respondents who indicated that the final selling price did not match the suggested price, 80,0% indicated that the final price was lower than the suggested price of the estate agent. It is possible to assume that the respondents who obtained a lower price for the property than the suggested price could perceive a lower quality of service delivery. This will create a negative perception of the industry and may detrimentally affect the industry.

6.1.1.3.1 Cross tabulation of selling price and services received

This cross tabulation was compiled to determine if there was a difference in the service delivered in relation to the selling price.

Table 6.3: Services delivered to sellers

(N= 129)

Aspects	Price Categories (in thousands)			
	<250	251 – 500	>500	Average
Selling requirements	82%	84%	86%	84%
Provide marketing tips	41%	52%	68%	54%
Comparative Market Analysis (CMA)	64%	48%	57%	56%
Marketing strategy	50%	53%	45%	49%
Compile Deed of Sale	82%	90%	77%	83%
Provide copies of Deed	83%	84%	61%	76%
Satisfied with service	65%	77%	86%	76%
Selling price match	35%	73%	82%	63%
Average	63%	70%	70%	

Marketing related aspects and the conducting of the Comparative Market Analysis (CMA) are the services which were delivered to a lesser degree than the other service. It is also possible to determine that there is a seven percent (7%) difference in the level of services delivered to the less than R250 000 category, as opposed to the other price categories. Therefore, respondents in this category appears to receive fewer services (whether accidentally or by design) than respondents selling in other categories. It is important to note that the Estate Agency Affairs Board considers the services contained in the table above compulsory services. These services are required to be delivered by estate agents to all clients in all transactions.

* Marketing tips

Respondents in the less than R250 000 category yielded the lowest level of service delivery (41%) in relation to the provision of marketing tips by estate agents. However, marketing tips were provided for 68% of respondents in the over R501 000 category (68%). It is clear that estate agents deliver a lower level of service to respondents selling for less than R250 000. Lower levels of service delivery could result in negative image perceptions by these consumers. It is clear that in relation to this service estate agents deliver a higher level of service to respondents selling higher priced property as it is this category that yield the highest level of service delivery.

* Conducting of a Comparative Market Analysis (CMA)

This service is not extensively delivered by estate agents. An analysis of the highest and lowest percentages of respondents receiving a CMA, however indicates that it is respondents in the less than R250 000 category that yielded the highest level of service delivery (64%) in relation to the CMA. Only 48% of respondents in the R251 000 to R500 000 price category had a CMA conducted by the estate agent. It is clear that estate agents do not consistently deliver this service to all price categories, and that they vary the delivery of this service among the different price groups. This could be problematic, as the CMA is the basic method utilised to determine the selling price of the property. Non-use thereof may result in inaccurate selling prices being set. Client perceptions of service delivery may suffer accordingly.

* Marketing Strategy

The marketing strategy is the service that is delivered to the lowest degree by estate agents across all services. It is also an area often utilised by the client to evaluate service delivery by estate agents. An analysis of the highest and lowest percentages indicates a difference in service delivery among groups. Respondents in the over R500 000 category yielded the lowest percentage (45%) of respondents who indicated that this service was delivered. Fewer respondents indicated that they received the service. This indicates an area where estate agents deliver a lower level of service. Varying service delivery does not create favourable service perceptions. It is also the aspect on which clients base their evaluations of service. Service perceptions may be negatively affected as a result.

* Compile and provide copies of the Deed of Sale

Respondents in the over R500 000 category indicated the lowest levels (77%) of compiling a Deed of Sale. It is within the R251 000 to the R500 000 category that respondents experienced the highest level (90%) of service delivery in this regard. There is a slight variance in the extent to which this service is delivered among the various price categories.

Furthermore it is again respondents in the over R500 000 category that received the lowest level of service delivery (61%) in terms of the provision of copies of the Deed of Sale, as opposed to the other categories that have

above eighty percent service delivery. These services are compulsory services denoted within the Code of Conduct. Therefore the non-compliance with the service indicates poor service delivery, and may create negative perceptions of the industry among those respondents receiving fewer services.

* Service satisfaction and selling price match

Only 65% of respondents in the under R250 000 category were satisfied with the service, while 84% of those selling more than R500 000 were satisfied with the service delivered.

The satisfaction with service is clearly linked to the selling price. The lower the selling price the lower the level of satisfaction. If this is compared with the important aspect of the suggested price matching the final price, we see that it is the under R250 000 that had the lowest incidence of the selling price matching the price suggested by the estate agent. However, it is respondents in the less than R250 000 category that had the highest percentage of CMA's being conducted. A possible reason for the mismatch may be that the CMA's conducted for the lowest price category are not conducted as effectively and accurately as with the other price categories. It is therefore possible to assume that a lack of selling price match influences client's satisfaction with service. This is further enforced as the more than R500 000 category had the highest percentage of selling price matches, and experienced the highest levels of satisfaction.

6.1.1.3.2 Cross tabulation of age and services received

A cross tabulation was done in relation to age categories and services rendered, to determine if there was a variation in the services rendered. In this manner it could be determined if estate agents vary the level and extent of service delivered according to the age category of clients.

Table 6.4: Services received - age

(N = 129)

Aspects	Age Categories				
	21 - 30	31 - 40	41 -50	>50	Average
Selling requirements	77%	84%	81%	84%	81%
Marketing tips	36%	63%	52%	45%	49%
Marketing strategy	43%	49%	52%	55%	50%
Comparative Market Analysis (CMA)	78%	51%	50%	45%	56%
Compiling Deed of Sale	76%	86%	85%	84%	83%
Provide copies of Deed	71%	73%	76%	81%	75%
Satisfaction with service	78%	88%	70%	68%	76%
Selling price match	69%	69%	61%	74%	68%
Average	66%	70%	66%	66%	

Marketing related services appear to receive the lowest level of service delivery with respondents in the 21 to 30 category receiving the lowest level of service delivery. Some estate agents also appear to order services in terms

of importance, with the Deed of Sale and the discussing of selling need ranking high levels of service delivery among respondents.

* Marketing tips

It may be seen that only 36% of respondents in the 21 - 30 age category were provided with marketing tips from the estate agent. However the 31 to 40 category yielded 68% of respondents indicating deliverance of the service. Therefore it is possible to conclude that estate agents differentiate these services according to specific age groups. In relation to marketing tips, estate agents delivered well as to the over 50 age category.

* Conducted a CMA

As may be seen 78% of respondents in the less than R250 000 category had a CMA conducted, however there is a decrease in service delivery as age increases. Less than fifty percent of respondents in the higher categories had a CMA conducted to determine the market value of the property. Perhaps this is because some estate agents deliver this service more frequently to this group due to a perception by estate agents of these clients being inexperienced. However, the other categories indicated lower percentages of respondents receiving this service (51% and 50% respectively). The CMA is essential in ensuring realistic selling prices. Therefore lower levels of service delivery will create negative service perceptions among these groups.

* Marketing strategy

In relation to the marketing strategy, respondents in the over 50 age category yielded the highest relative percentages (55%) of respondents in relation to the others who had a marketing strategy compiled by the estate agent. A few estate agents appear to deliver a superior service to respondents aged over 50 in this regard. Fifty-seven percent of respondents in the 21 – 30 age category indicated that they had not had a marketing strategy compiled. It is possible that these services are varied due to misconceptions that older respondents are more inexperienced. Estate agents need to provide these services more to the other categories as well in order to improve the quality of service as perceived by consumers.

* Compile Deed of Sale and provision of copies

An analysis of the highest and lowest percentages in relation to the Deed of Sale indicates a 10% difference between the highest and lowest percentages. Seventy-six percent of respondents in the 21 to 30 category had Deeds of Sale compiled, while 86% of respondents in the 31 to 40 category have Deeds of Sale compiled on their behalf by estate agents. This indicates a variation in the service among the different age groups.

Respondents in the 21 – 30 group have a relatively lower percentage of respondents who had a Deed of Sale compiled by estate agents. This group

also indicated a slightly lower percentage of respondents that were provided with a copy of the deed of Sale.

It is important to note that this service is compulsory for estate agents to deliver, however under 90% of respondents in all categories indicated that these services were delivered. This clearly indicates a lack of service delivery by estate agents. Estate agents should attempt to have 100% service delivery of these services across all categories. Attention should be given to offering these services to all groups of clients in order to improve service image.

* Satisfaction with service

Respondents in the 31 – 40 age category yielded the highest level of satisfied (88%) respondents in terms of service satisfaction. In connection with the other services delivered, this category continually yields high levels of service delivery. It therefore appears to be the category on which estate agents focus most effort.

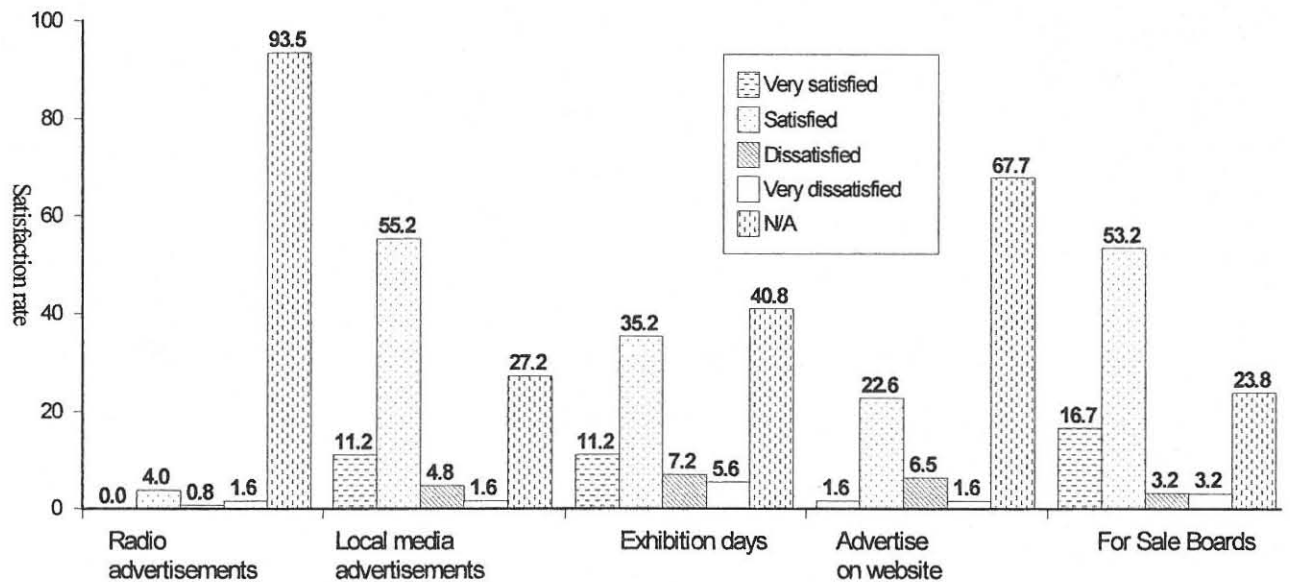
Respondents in the 31 – 40 age group appear to receive consistently higher relative levels of service delivery. Estate agents should spend more effort in ensuring uniform service delivery across all age categories, with specific attention to the higher and lower age categories. Industry image and service perception may increase among groups accordingly.

6.1.1.4 Methods used to advertise property

The advertising of the property entails costs to be borne by the estate agent. It also provides a visual means by which clients may evaluate service and their satisfaction therewith. Furthermore, this service has a direct effect on the time span before the sale of the property, as it introduces the property to the public.

Figure 6.6: Advertising methods and client's satisfaction therewith

(N = 169)



Satisfaction with advertising methods

The highest percentages of respondents (11,2% and 55,2% = 66,4%) indicated that they were satisfied with the local media advertisements utilised

by the estate agents. Respondents (16,7% and 53,2% = 69,9%) were also satisfied with the use of 'For Sale' boards by estate agents. As can be seen there are relatively low percentages of satisfaction with the advertising methods relative to the delivering of other services delivered by estate agents (see section 6.1.1.4). These lower percentages indicate that clients are not entirely satisfied with the advertising employed by estate agents. These clients may feel that the estate agents did not deliver a high quality of service.

Exhibition days were the method that had the highest percentage (7,2%), relative to the other methods, of dissatisfied respondents. Advertising on the estate agency website was also identified, as a method not often utilised by estate agents (67,7%).

It is possible to conclude that estate agents concentrate on the local market of buyers as they primarily utilise local media. Properties are not awarded national or possibly even international exposure achievable through web advertising. Increased exposure through the use of more media may reduce the selling period and thus improve service quality perceptions.

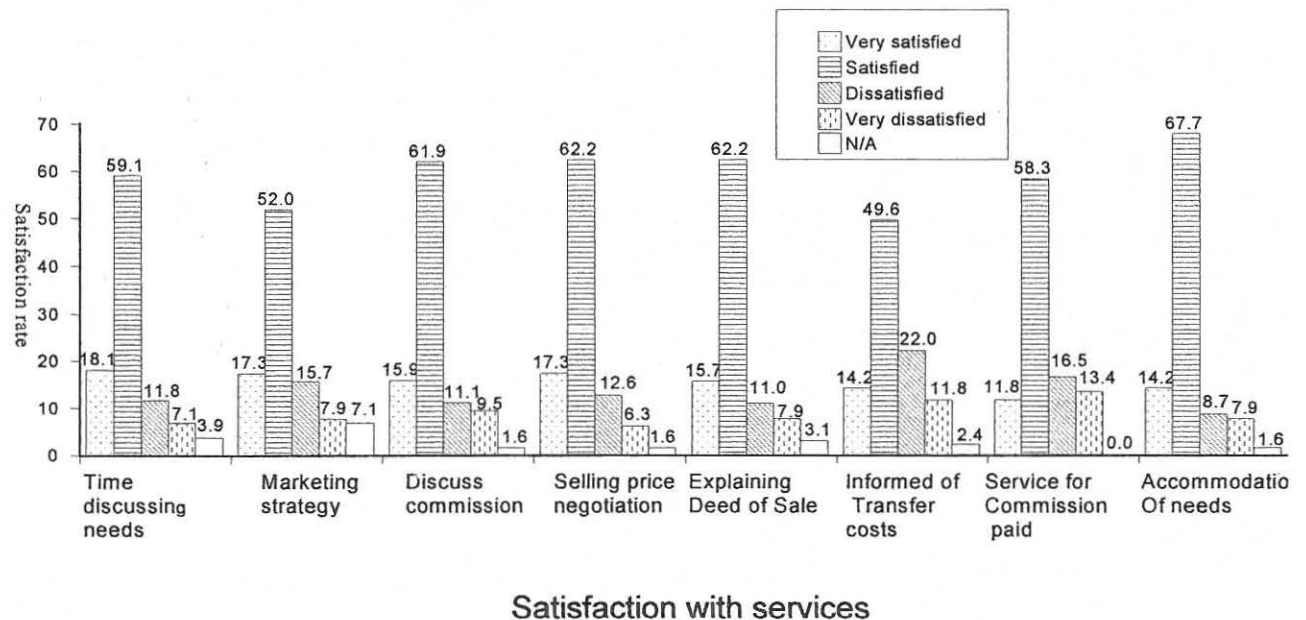
6.1.1.5 Satisfaction with services delivered

It is necessary to determine whether clients were satisfied with the quality and the manner in which the service was delivered. In figure 6.5 clients' satisfaction with the services delivered is provided.

Within this question respondents were asked to indicate the degree of their satisfaction with the services delivered by estate agents. The degree of client satisfaction has a direct impact on service quality perceptions and the image of the industry.

Figure 6.7: Satisfaction with services delivered

(N = 169)



As may be seen accommodation of clients' needs was rated by 67,7% of respondents as satisfactory. A further 62.2% of respondents were satisfied with the manner in which the estate agent explained the Deed of Sale and negotiated the selling price. Over half the respondents (58,3%) were satisfied with the service they received in relation to the commission paid. It is

therefore possible to conclude that respondents were satisfied with the accommodation of their needs, selling price negotiations and explanations of the Deed of Sale, as services delivered by estate agents. Clients in relation to these specific services therefore perceive higher levels of service quality, although there is still room for improvement.

Respondents were the least satisfied (49,6%) with the degree to which they were informed of the transfer costs relative to other services. Furthermore, this service also has the highest percentage of dissatisfied respondents (22,0% and 18,8% = 33,8%). This was closely followed with 29,9% (16,5% and 13,4%) of respondents indicating dissatisfaction with the service that they received, in relation to commission paid. It is also important to note that 23,6% (15,7% and 7,9%) indicated varying degrees of dissatisfaction with the marketing strategy compiled by the estate agent. This is an indication that estate agents concentrate their services only in certain areas, and neglect other very important ones that have a detrimental effect on the consumer's perception of estate agents.

6.1.1.5.1 Cross tabulation of selling price and service satisfaction

It is necessary to evaluate whether there is a difference in the satisfaction with services delivered in relation to the selling price.

Table 6.5: Satisfaction with service received

(N = 129)

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

The lowest selling price category receives the lowest level of satisfactory service, with about 32% of respondents dissatisfied. 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.

* Time discussing needs

Respondents in the under R250 000 category indicated the lowest levels (65%) of satisfaction in relation to this service. It is possible to deduce that

some estate agents appear to deliver a lower level of service to lower price categories than in relation to other price categories. Therefore these clients have low service quality perceptions. This could contribute to the bad name of estate agents.

* Marketing strategy

It would appear that some estate agents do not regard the marketing strategy as an important service to be delivered. It is in the lowest price category where a few estate agents do not deliver a high level of service. Only 59% of respondents in the less than R250 000 category were satisfied with the way that estate agents deliver this service. The other price categories have higher levels of satisfaction. This indicates a lower level of service delivery in relation to this service. The marketing strategy is also one of the main determinants of service satisfaction. Therefore lower satisfaction will result in perceptions of inferior service delivery.

* Selling price negotiation

Respondents in the over R501 000 category indicated the highest levels of satisfaction (84%). While respondents indicate a general satisfaction across all categories, it is the less than R250 000 group that experiences the lowest percentage of satisfied respondents.

There is a 10% difference in satisfaction between the low and high selling price ranges. Estate agents appear to deliver a slightly higher service to respondents selling property that will result in higher commissions, as selling price is directly linked with commission. Therefore more aggressive selling price negotiations result in more concluded sales and commission.

* Explaining the Deed of Sale

It would appear that across all categories respondents were satisfied with the delivery of this service. Estate agents deliver a high level of service delivery with regard to this service. In relation to this service respondents have high levels of service perception, and the industry image is improved accordingly. However there is room for improvement.

* Service for commission

In relation to the service for commission payable respondents in the less than R250 000 category had only a 61% rate of satisfaction. There is a 10% difference in the satisfaction levels of the various price groups in relation to the service they received for commission payable. It would appear that respondents in the less than R250 000 category perceive delivery of fewer services, or services delivered to a lower degree than the other price categories.

The level of satisfaction with the service received increases as the selling price increases. Therefore respondents in the higher price categories had

more favourable perceptions of the quality of the service delivered by estate agents.

6.1.1.5.2 Cross tabulation of age and service satisfaction

Respondents' satisfaction with services delivered is analysed in relation to the age categories.

Table 6.6: Satisfaction with services - age

(N = 129)

Aspects	Age Categories				
	21 - 30	31 - 40	41 -50	>50	Average
Selling requirements	78%	76%	85%	68%	77%
Marketing strategy	71%	69%	73%	68%	70%
Discuss commission	64%	84%	81%	71%	75%
Selling price negotiation	69%	84%	79%	71%	76%
Satisfaction with service	64%	78%	70%	61%	68%
Explain Deed of Sale	71%	86%	76%	71%	76%
Progress of transfer	50%	65%	76%	65%	64%
Accommodation of needs	79%	86%	85%	68%	80%
Average	68%	79%	78%	68%	

Respondents in the over 50 age category and 21 to 30 categories (68%) were on average the least satisfied with the delivery of services by the estate agents. The discussion of transfer costs is an area where estate agents do

not deliver a high level of service delivery. The 21 to 30 category in specific receives a lower quality of service delivery.

* Time discussing needs

Respondents in the over 50 category yielded 68% of respondents who were satisfied with the time spent discussing their needs. Estate agents clearly do not spend sufficient time discussing this group's needs. This is essential, as it forms the basis of the methods the estate agents selects to sell the property. Respondents in the 41 – 50 category were most satisfied with the time the estate agent spent discussing their needs. Estate agents should spend more time discussing the client's needs with this group.

* Marketing strategy

Sixty-eight percent of respondents in the over 50 category were satisfied with the marketing strategy employed by estate agents. Clearly these clients did not perceive the marketing strategy as being of a high quality. This area may be addressed by estate agents in order to improve their service.

The percentages of satisfied respondents within this service are relatively low in relation to other services. Estate agents should concentrate more on this service. The marketing strategy is an important determinant of service satisfaction. As a result it may negatively affect consumer perceptions of overall service, if this service is performed in a substantial manner.

* Discussion of commission payable

Respondents in the 21 – 30 age category were the least satisfied (64%) with the manner in which the commission was discussed with them. They perceive the service as being of a lower quality than other categories. Inefficient discussion could lead to misunderstandings. This would further aggravate poor service image the clients may have. It is those respondents in the 31 – 40 age category that yielded the highest percentage of satisfied respondents (84%). This gap of 20% could indicate a variation in the quality of service delivery by estate agents among the various age categories.

* Selling price negotiation

Sellers aged between 31 and 40 (79%) appeared most satisfied with the manner in which the estate agents negotiated the selling price on their behalf. However, 69% of respondents in the 21 – 30 age category were satisfied with the estate agents' negotiation of the selling price. This significant difference indicates a variation in the manner in which estate agents deliver service to these groups. Estate agents should attempt to deliver on equal levels of service to all groups. These categories do not act in isolation, accordingly the negative service of one group may influence other groups and the industry image as a whole. Furthermore, estate agents are required to deliver the best service to all sections irrespective of age.

* Service for commission

Seventy-eight percent of respondents aged between 31 and 40 were satisfied with the service they received for the commission that they paid. This group experienced the lowest satisfaction in relation to the marketing strategy and time spent discussing their needs. However, 61% of respondents aged over 50 were satisfied with the level of service for commission received.

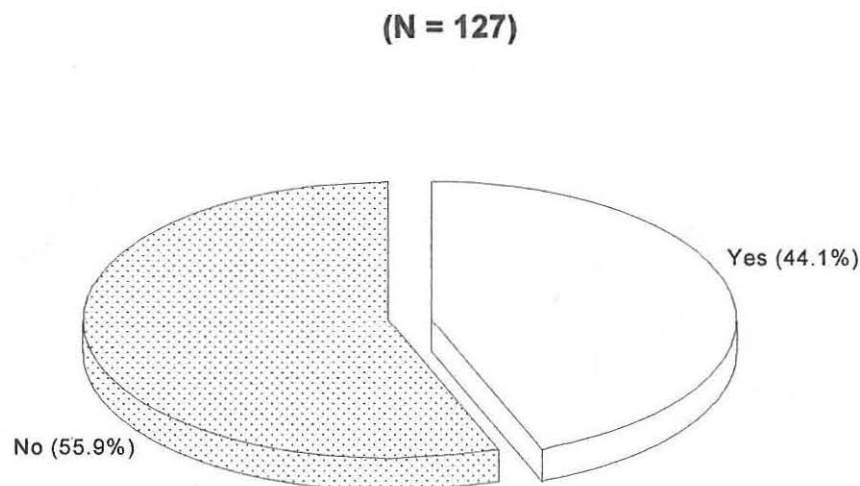
The levels of satisfaction are relatively low, taking a 100% target rate into account, and while they indicate satisfaction in the industry, they do not lead to very high levels of satisfaction. There is a tendency towards a general level of satisfaction among respondents across all categories. Estate agents therefore have room for improvement, in relation to their service delivery, in order to elevate the satisfaction levels of consumers.

A comparative analysis of all services shows that it is the 21 to 30, and over 50, categories that yield the lowest relative levels of satisfaction in relation to a majority of the services rendered by estate agents. Therefore it may be assumed that some estate agents do not concentrate service delivery in these two categories. Attention should be given to the manner in which services are delivered in order to improve their levels of satisfaction.

6.1.1.6 Maintenance of contact

The maintenance of contact determines whether estate agents employed any form of after-sales service, or relationship marketing. This also effects perceptions of service delivery by clients. Figure 6.6 provides a graphical illustration of the result.

Figure 6.8: Maintenance of contact

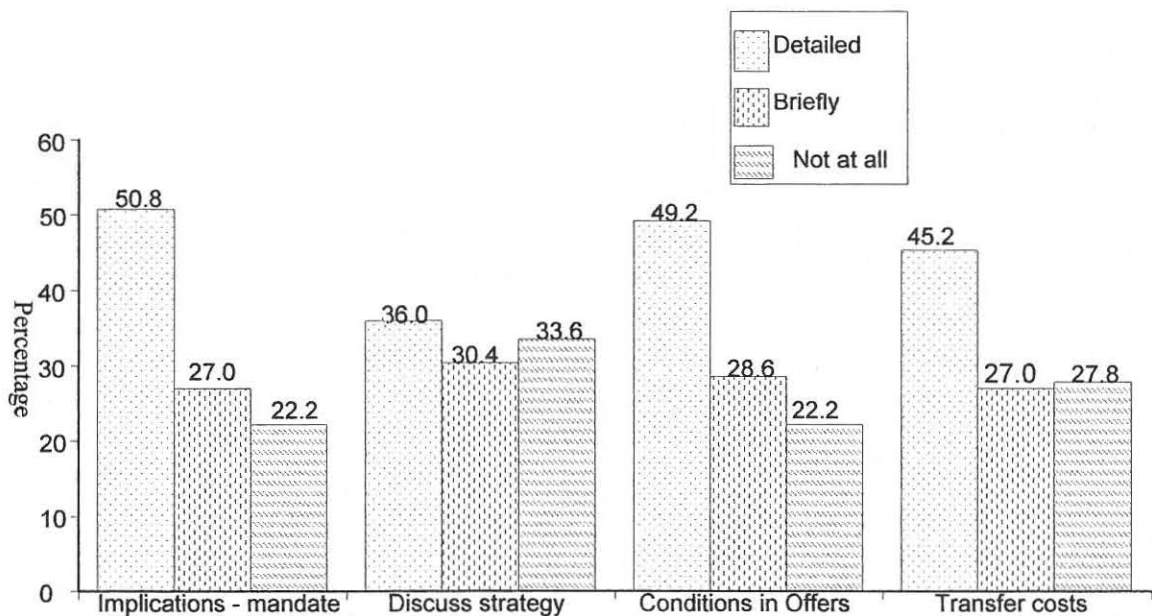


As may be seen, 55,9% of respondents indicated that contact had not been maintained post sale. A smaller percentage of respondents (44,1%) indicated that contact had been maintained. This clearly illustrates that a minimal number of estate agents employ some form of after-sales service or relationship marketing with their clients.

6.1.1.7 Discussion of certain services

Certain aspects in relation to services require more extensive discussion than in relation to other aspects. The extent to which they are discussed determines the level of comprehension by clients. Extensive discussion of these aspects will create favourable service perceptions by clients. Figure 6.7 provides the results to the extent to which certain aspects were discussed with clients.

Figure 6.9: Extent of discussion
(N = 169)



Respondents indicated (50,8%) that estate agents discuss in detail the responsibilities/obligations (implications) of the clients once a mandate has been granted.

In relation to the marketing strategy only 36,0% of respondents indicated that estate agents explained the marketing strategy in detail they would use to sell the property. This aspect represents the estate agent's obligations to the client, and entails the estate agent bearing the costs him/herself. Furthermore, research indicated that the marketing strategy was the least likely to be discussed with clients (33,6%). Discussions are required, as they provide the client with the information necessary to evaluate the quality of the service delivered.

Conditions in Offers to Purchase and transfer costs were also discussed in detail by estate agents (49,2% and 45,2% respectively). However, discussion of transfer costs experienced the second highest percentage (27,8%) of not being discussed with clients. This is also one of the services with which clients are the least satisfied, because only some aspects are clearly explained, it leads to misunderstandings on the part of the customer and gives rise to the bad name of estate agents.

6.1.1.7.1 Cross tabulation of selling price and discussion

An analysis was conducted to determine whether the extent to which certain aspects were discussed varied according to the selling price.

Table 6.7: Detailed discussions

(N = 129)

Aspects	Price Categories (in thousands)			
	<250	251 – 500	>500	Average
Implications of mandate	48%	48%	57%	51%
Discuss marketing strategy	35%	34%	41%	37%
Conditions in Offers	39%	47%	55%	37%
Transfer Costs	48%	39%	50%	46%
Average	43%	42%	51%	

It is respondents in the more than R500 000 price category that are likely to receive a higher incidence of detailed discussions by some estate agents than in relation to other price categories. The lower price categories appear to be less likely to receive detailed discussions from estate agents than the higher price category. Conditions in Offers and Marketing strategies are the services that are the least likely to be discussed with clients across all price categories. Detailed discussions are preferred as they ensure that clients are provided with the necessary information to make decisions, furthermore they may contribute to a reduction in the occurrence of misunderstandings.

In relation to brief discussions, there appears to be no significant difference between the deliverance of brief discussions and price categories, but this service delivery is overall well below what is expected from professional estate agents.

* Implications of mandates

Respondents within the over R500 000 category yielded the highest percentage (57%) of respondents receiving detailed discussions of the implications of the mandate. Fewer than 50% of respondents in the other two categories received detailed discussions of the mandate implications.

* Marketing Strategy

In relation to the marketing strategy fewer than half of the respondents indicated a form of detailed discussion (35%, 34% and 41% respectively). Furthermore, research indicates that the marketing strategy is consistently an area in which estate agents deliver sub-standard service. Low percentages (under 50%) of respondents indicate varying degrees of discussion. Therefore across all categories, but in particular the lower price categories, attention must be given to the extent to which certain services are discussed by estate agents, as very few are currently delivering this service.

* Conditions in Offers to Purchase

Fewer than half of the respondents in the low and medium price groups indicated the conditions of offers being discussed with them by the estate agent. However, respondents in the over R500 000 category yielded 55% of respondents receiving detailed discussion of the conditions in the offer. Estate agents are therefore not providing an equal level of service to all

respondents across all categories. This may cause a negative image of the industry, due to poor service delivery.

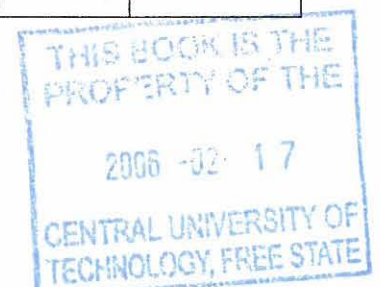
* Transfer costs

Only 50% of respondents in the over R500 000 category indicated that they received detailed discussion of transfer costs. However the remaining two categories yielded less than 50% of receiving detailed discussion. In relation to this service consistently across all categories, respondents indicate low levels of receiving these services. In this regard some estate agents are not delivering a high standard of service. The lack of discussions may lead to misunderstandings and accordingly low levels of service quality perceptions.

Table 6.8: No discussions at all

(N = 129)

Aspects	Price Categories (in thousands)			
	<250	251 – 500	>500	Average
Implications of mandates	26%	23%	21%	23%
Discuss marketing strategy	43%	34%	27%	35%
Conditions in Offers	26%	24%	18%	23%
Transfer Costs	22%	34%	20%	25%
Average	29%	29%	22%	



The Code of Conduct denotes that certain services are required to be discussed (compulsory) with the client. The occurrence of respondents indicating no discussion of services is problematic, as it indicates non-compliance, and ultimately poor service delivery.

It may be seen from the table above that respondents in the highest price category yielded the lowest percentage (22%) of respondents not receiving discussions. In other words it is respondents in the lower price categories that are more likely (29%) not to have any form of discussion with the estate agent, than respondents in the highest price category. Marketing strategies have a 35% chance of not being discussed at all with clients across all price categories.

6.1.1.7.2 Cross tabulation of age and discussion

The extent to which various documents are discussed is analysed according to age, to determine whether estate agents provide more detailed discussions (i.e. better service) to specific age categories than to others. The different extents of discussion are divided into separate tables. The discussion of these services are denoted as compulsory in the Code of Conduct, therefore non-compliance indicates poor service delivery on the part of the estate agent.

Table 6.9: Detailed discussions - age

(N = 129)

Aspects	Age Categories				
	21 - 30	31 - 40	41 –50	>50	Average
Implications of mandate	43%	53%	52%	45%	48%
Marketing strategy	38%	31%	42%	39%	38%
Conditions in Offers	43%	49%	54%	45%	48%
Transfer costs	43%	51%	48%	39%	45%
Average	42%	46%	49%	42%	

Low percentages of respondents indicated that they received detailed discussions of the above aspects. However, the marketing strategy is the area with the lowest average rating. Transfer costs were cited by 39% of respondents in the over 50 category as being discussed in detail by estate agents. Overall, discussions in all age categories and in all four areas are very dissatisfying.

✱ Implications of the mandate

Low percentages of respondents in the 21 – 30 and over 50 categories (43% and 45%) received detailed discussions of the implications of the mandate. Only slightly over half of the respondents (52% and 53% respectively) indicated receiving detailed discussions. Detailed discussions are preferable, as they ensure that both parties understand the conditions involved. In this manner misunderstandings are reduced. Estate agents appear to vary the extent to which they discuss implications of mandates according to age.

Therefore estate agents should provide more detailed discussions to the 21 – 30, and over 50, categories.

✱ Marketing strategy

As is evident throughout the research, estate agents do not actively discuss the marketing strategy with clients. This situation is further proven by the fact that none of the categories yielded above 50% of receiving discussions in this regard. Therefore it is apparent that estate agents deliver a lower level of service in relation to this service across all categories. In specific only 31% of respondents aged between 31 and 40 received detailed discussions of the strategy. It would be advisable for estate agents to deliver detailed rather than brief discussions, in order to ensure comprehension and the reduction of misunderstandings, thereby improving service perceptions and industry image.

✱ Conditions in offers

Estate agents appear to deliver a higher level of service quality in relation to explaining the conditions in the Offers. There is a slight increase in the percentages of respondents receiving detailed discussions of conditions of Offers. It is 54% of respondents in the 41 – 50 category that yield the highest percentage of respondents receiving detailed discussions. It appears as though there are various extents to which estate agents discuss and negotiate the conditions. Detailed discussions are necessary as they enable the seller

to make informed decisions as to which offer to accept. Therefore estate agents should increase the extent to which they discuss the conditions in offers with sellers. Such a service would improve service quality perception, as misunderstandings would be reduced. Efforts should be made to reduce the number of respondents not receiving discussions at all.

* Transfer costs

The discussion of transfer costs is also not frequently done by estate agents. The 31 – 40 age category yielded 51% of respondents who had transfer costs discussed in detail. Unfortunately only 39% of respondents aged over 50 received detailed discussions. Attention needs to be given to the extent to which estate agents discuss transfer costs with clients across all categories in order to improve service delivery.

Table 6.10: Brief discussions - age

(N = 129)

Aspects	Age Categories				
	21 - 30	31 - 40	41 –50	>50	Average
Implications of mandate	36%	29%	27%	16%	27%
Marketing strategy	15%	47%	18%	23%	26%
Conditions in Offers	36%	37%	21%	19%	28%
Transfer costs	21%	31%	24%	25%	25%
Average	27%	36%	23%	21%	

Marketing strategies are identifiable as being the most likely to be discussed briefly by estate agents within the 31 to 40 category. The 31 to 40 category also yielded the highest percentage of brief discussions across all services. However respondents in the over 50 category received the lowest percentage of brief discussion across all services.

Table 6.11: No discussions at all - age

(N = 129)

Aspects	Age Categories				
	21 - 30	31 - 40	41 -50	>50	Average
Implications of mandate	21%	18%	21%	39%	25%
Marketing strategy	46%	22%	39%	39%	37%
Conditions in Offers	21%	14%	24%	36%	24%
Transfer costs	36%	18%	37%	39%	33%
Average	31%	18%	30%	38%	

Respondents in the over 50 category yielded the highest likelihood (38%) of respondents not likely to receive any form of discussion in relation to certain services. Respondents in the 21 to 30 category yielded the highest percentage of respondents not likely to receive any discussions on the marketing strategy. Further across all categories the marketing strategy has the highest percentage (37%) of not being discussed with clients. It is disturbing that such a large number of respondents receive no discussions at all across the mentioned categories. It needs drastic action to improve the quality of service delivery.

6.1.2 Buyers

Please note that certain sellers bought property after selling another property and accordingly completed this section of the questionnaire as well. Furthermore respondents who had not previously sold property only completed this section of the questionnaire. Therefore the N value for this section of the questionnaire varies from the first section. However, it is necessary to again reiterate that a total of 332 individual respondents completed questionnaires, whether only one or both sections. While buyers are not the primary clients of estate agents, they also experience service delivery by estate agents.

Their perceptions of service delivery are of paramount importance as it relates directly to the extent to which the estate agent is attempting to satisfy the sellers needs. Furthermore, these clients are not directly responsible for the payment of services received.

6.1.2.1 *Demographic information*

Respondents' demographic information was required in order to determine the age and price categories with which estate agents work. Please note that all the categories in Figure 6.12 are meant to represent figures in the thousand, i.e. R251 000 – R500 000.

Figure 6.10: Purchase price of property

(N = 315)

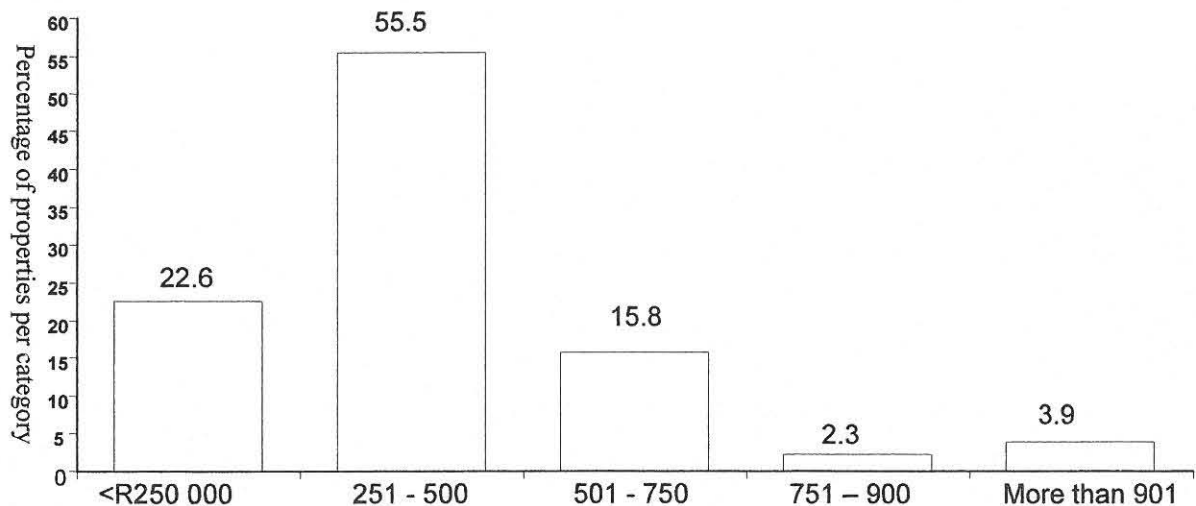
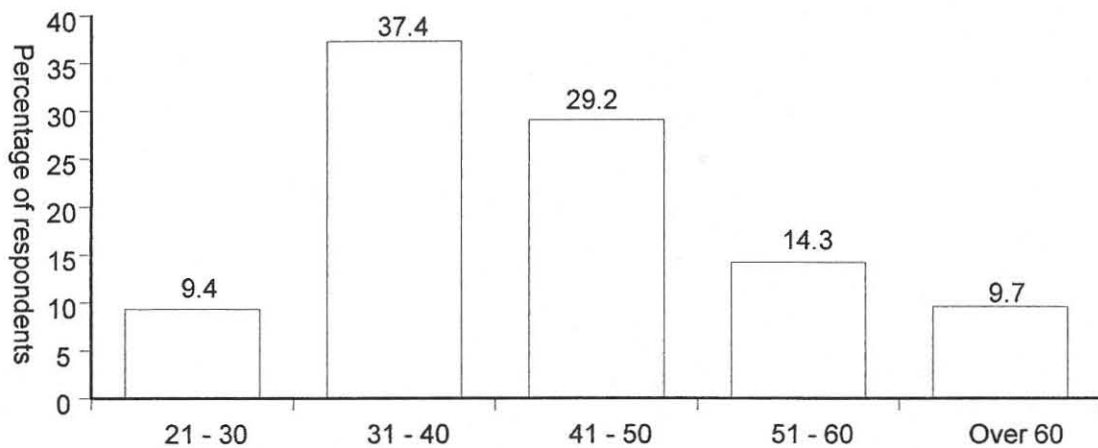


Figure 6.10 shows that 55,5% of respondents purchased properties within the R251 000 to R500 000 price category. Almost a quarter of respondents (22,6%) purchased properties under R250 000. It is possible to assume that estate agents deliver more services to respondents in the higher price bracket, as they constitute a higher commission for the client. However, it is clear that estate agents derive most of their business from the respondents buying property in the R251 000 to R500 000 bracket. These respondents would therefore be able to evaluate the service delivered best, as an “average” commission would be earned by estate agents selling in this category. Cross tabulations will also illustrate that it is this category of respondents that indicated the highest percentages of service delivery by estate agents.

Figure 6.11: Age category

(N = 315)



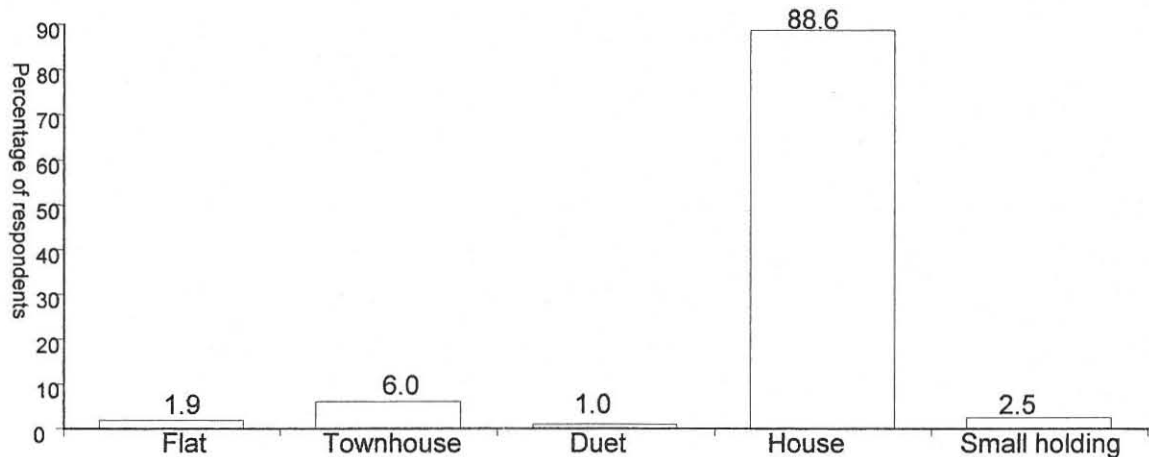
It is illustrated in Figure 6.11 that 37,4% of respondents who bought property fell in the 31 to 40 age category. The age category with the least number of respondents was the 21 to 30 age category. Estate agents may select certain age groups to which they deliver a higher level of service than in relation to other age groups. This will negatively affect service delivery as well as the image of the industry. It will later be seen that estate agents tend to deliver a lower level of service to respondents in older age categories.

6.1.2.2 *Type of property bought and use of estate agents*

This form of question was asked in order to determine the type of property bought by clients as well as how many clients utilise the services of estate agents in the purchasing of property.

Figure 6.12: Type of property bought

(N = 315)

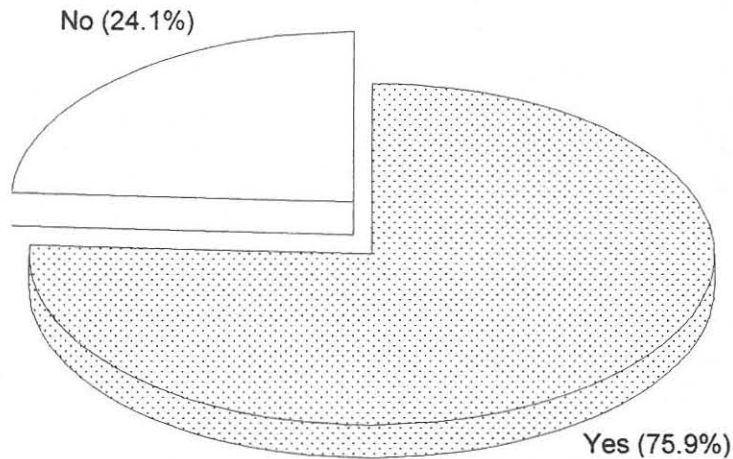


Houses were the predominant type of property bought (88,6%) by respondents. Townhouses were bought by 6,0% of respondents. These properties constitute the property types in which estate agents need specialise their services. Therefore estate agents are required to keep abreast of all changes relating to house prices and sectional titles laws in order to ensure a high level of service delivery. It is necessary to communicate this information to buyers when the property is bought. Such information would improve service perceptions.

The following question identified the respondents who utilised the services of an estate agent, irrespective of the type of property bought.

Figure 6.13: Utilised an estate agent

(N = 315)



In figure 6.13 it is possible to see that 75,9% of respondents utilised the services of an estate agent when they bought property. Interestingly almost a quarter (24,1%) of respondents did not utilise an estate agent when they bought the property. This figure is closely related to the 23,7% of respondents who sold privately. Non-users constitute a loss of services (and revenue) which could have been rendered by estate agents. It may be possible that these respondents did not use the services of an estate agent as they have negative perceptions of the quality of the services rendered by estate agents.

6.1.2.3 *Services received*

The aim of this question was to determine what services are delivered by estate agents to buyers. The services delivered are depicted in Table 6.2.

Table 6.12: Services received

(N = 315)

Service	Yes (%)	No (%)	Yes (n) Frequency	No (n) Frequency
Discuss requirements	80.9%	19.1%	191	45
Pre-qualify clients	52.4%	47.6%	122	111
Determine buying amount	53.4%	46.6%	125	109
Escort through property	93.3%	6.7%	223	16
Informed of defects	53.8%	46.2%	129	111
Compiling an Offer	89.2%	10.8%	214	26
Assist with loan	58.8%	41.2%	137	96
Compiled a Deed of Sale	85.4%	14.6%	205	35
Congratulated	70.0%	30.0%	168	72
Copy of Deed of Sale	82.0%	18.0%	196	43
Maintained contact	57.5%	42.5%	138	102
Service satisfaction	76.2%	23.8%	183	57

Slightly over ninety-three percent (93,3%) of respondents indicated that they had been escorted through the property by the estate agent. Respondents (89,2%) also indicated that estate agents assisted in the compiling of an Offer to Purchase. In respect of the Deed of Sale 85,4% of respondents indicated that the estate agent had compiled a Deed of Sale. 80,9% of respondents indicated that the estate agents had discussed their property requirements. Only 82,0% of respondents had been provided with copies of the Deed of Sale. These services comprise the services on which effective cause is based. In other words these services ensure that estate agents are entitled to commission. Therefore there are higher percentages of service delivery in relation to other services.

Research shows that 70,0 % of respondents maintained that they were congratulated upon the purchase of the property. It is interesting to note that

only 27,5% of respondents said that estate agents had maintained contact after sale, therefore few estate agents create a long-term relationship with buyers. It is possible to conclude that estate agents ensure the delivery of services that lead to the conclusion of a sale. These facilitate the transaction and create favourable service perceptions by clients. These are also key services denoted in the Code of Conduct to ensure fair and ethical practices. High percentages of respondents indicated that estate agents performed most services. However, 76.2% were actually satisfied with the service the estate agent delivered. This could indicate a problem with the manner in which the service is delivered by estate agents, or the number of services delivered.

Only 53,8% of respondents indicated that the estate agent had informed them of defects within the prospective property. Almost sixty percent (58,8%) of respondents were assisted by estate agents in the completion of a loan application. These indicate areas in which estate agents are delivering a lower level of service. This could result in poor service perceptions by clients in relation to these imperative services.

6.1.2.3.1 Cross tabulation of purchasing price and services rendered

There are certain services rendered to buyers that are that are unique to them.

Table 6.13: Services rendered to buyers

(N = 239)

Aspects	Purchasing price (in thousands)			
	<250	251 – 500	>500	Average
Buying requirements	80%	78%	89%	82%
Provide copies of Deed	86%	84%	73%	81%
Escort buyers	94%	92%	93%	93%
Inform buyer of defects	66%	51%	47%	55%
Compile Offer	88%	93%	82%	88%
Compile Deed of Sale	86%	90%	75%	84%
Determine buying amount	57%	59%	35%	50%
Pre-Qualifying buyers	56%	52%	53%	54%
Loan application	58%	62%	51%	57%
Congratulate client	66%	72%	64%	67%
Maintain contact	52%	57%	67%	59%
Satisfaction with service	76%	77%	73%	75%
Average	72%	72%	67%	

Respondents in the over R500 000 price category indicated the lowest level of service delivery in relation to the other price categories. In addition the services of pre-qualification, determination of buying amount, loan applications, informing of defects and congratulations upon registration are services which are not as extensively delivered by estate agents.

These services are denoted as compulsory within the Code of Conduct, therefore one hundred percent service delivery is expected of estate agents across all categories. Percentages below one hundred indicate areas for improvement. Attention should be given to these areas, in order for estate agents to deliver a comprehensive service package of a high quality level.

* Discussion of buying requirements

Eighty-nine percent (89%) of respondents in the over R501 000 category indicated that their requirements were discussed by the estate agents. However, 78% in the R251 000 to R500 000 category indicated that their requirements were discussed. A gap between the highest and lowest percentages of satisfaction of respondents receiving this service indicates that estate agents could deliver this service in a different manner to the various selling price categories. This could be problematic as this service forms the basis on which the estate agent selects the properties to show the buyer. Buyers that are shown properties that do not suit their needs will experience low service perceptions.

* Escorting through property

The escorting of buyers through property is a service that is equally delivered to all buyers irrespective of purchase price range. This service is also regarded as the main determinant of effective cause, entitling the estate agent to commission. This may explain the reason why such high percentages of respondents indicated the deliverance of this service. This service also reduces disputes and improves clients' service perceptions.

* Informing of defects

There appears to be a difference in the extent to which estate agents are required to inform the lower (66%) purchase price categories and the higher ones (47%) of defects in the property. The loss of the higher commission in the higher purchasing price categories could also contribute to this occurrence.

Estate agents therefore clearly vary the deliverance of this service based on the purchase price of the property. In other words it is likely that properties sold at higher prices possess fewer defects, than properties in lower price categories. It is therefore unnecessary for estate agents to inform buyers in higher price categories of defects to the same extent that they inform buyers in lower price categories. However, a lack of informing clients of the presence of defects, when they are present, may negatively affect industry image and constitutes poor service delivery.

* Compiling offers

Eighty-two percent (82%) of respondents in the over R501 000 category indicated the compiling of an Offer to Purchase on their behalf by estate agents. In relation to the 93% (R251 000 – R500 000) indicating the deliverance of this service. It is possible to conclude that estate agents vary the extent of the deliverance of this service. This however could be the result of external factors, and not necessarily poor service delivery on the part of the

estate agent. Efforts should be made to ensure uniformity of service delivery across all purchase price categories irrespective of purchase price category, in order to improve service perceptions and industry image. This is also a compulsory service, therefore there is still room for improvement.

✳ Assisting with loan

Lower percentages of respondents indicated that this service was delivered. Sixty-two percent (62%) of respondents in the R251 000 to R500 000 category indicated that they had been assisted with the obtaining of a loan by an estate agent. An increased deliverance of this service may result in an improved industry image. Therefore estate agents could consider increasing the delivery of this service across all categories. However once again the lower levels of deliverance could be the result of external factors influencing respondents rather than a lack of service delivery on the part of the estate agent.

✳ Compiled a Deed of Sale

Ninety percent (90%) of respondents in the R251 000 to the R500 000 category indicated that the estate agent had compiled a Deed of Sale on their behalf, as opposed to the 75% in the over R501 000 category. Respondents in the relatively lower purchase price categories yield higher percentages whereby estate agents deliver this service. However the lower percentages of service

delivery in the higher price categories may possibly be the result of external factors and not necessarily poor service delivery.

Estate agents are required to compile Deeds of Sale on behalf of their clients, therefore the lack of delivery, whether due to poor service or external factors, is problematic. It may be that there is lack of confidence by the over R500 000 category in the estate agents' ability / reliability in the compiling of the Deed of Sale. Estate agents should attempt to improve their credibility in this regard, in order to offer a comprehensive service to these clients as well. A poor perception of industry image may also be a contributing factor. The lower price categories appear more comfortable with allowing the estate agent to compile the Deed of Sale on their behalf.

In relation to this service we can see there are two levels of service perceptions. Lower price ranges appear to possess higher quality perceptions of the service, as opposed to respondents in the higher. Estate agents should pay attention to this and attempt to maintain confidence level of the lower groups, while improving the confidence of the higher price range. Industry image and service perceptions will increase accordingly.

* Provide copies of the Deed of Sale

Estate agents provided the majority of the clients who had Deeds of sale compiled with copies of the Deed of Sale. However to ensure even superior service, they should ensure that all clients have copies of the Deed of Sale.

This service is denoted as compulsory within the Code of Conduct. Therefore the low percentages of respondents who were not provided with copies of the Code of Conduct need to be addressed. Not providing copies of the Deed of Sale constitutes poor service delivery and indicates an area for improvement in terms of the delivery of this service. Provision of copies also ensures that all parties are aware of their obligations and as a result misunderstandings and disputes are reduced.

* Congratulation of clients

Few respondents indicated that they were congratulated by the estate agents upon registration. This indicates an area in which estate agents deliver an inferior service. Estate agents may utilise this service as the basis on which to plan future after-sales service and relationship marketing. Furthermore, this service will also allow estate agents to determine whether clients are completely satisfied, and if necessary identify and correct problem areas.

Attention should therefore be given to improving the manner and extent to which estate agents are congratulating clients upon registration. An improvement in this service will also enhance the client's perceptions of service quality as well as the industry image.

* Maintenance of contact

Lower percentages of respondents indicated that estate agents had maintained contact after the sale of the property. Sixty-four percent (64%) of respondents in the over R501 000 category and only 52% in the less than R251 000 indicated that estate agents had maintained contact after registration. Estate agents therefore clearly deliver this service more to the higher price category than in relation to the lower price categories. Therefore estate agents deliver a poor service to the lower price ranges in this regard. It is possible that this will negatively influence service perceptions as well as industry image.

* Satisfaction with overall service

Respondents appear equally satisfied with the service they received, with all categories indicating satisfaction within the 70-percentile range. While this percentage is relatively high, estate agents should attempt to improve their service delivery in order to increase satisfaction among clients. Satisfaction has a direct influence on the quality of service delivery as perceived by clients. The higher the degree of satisfaction the higher the level of quality service delivered. An increase in satisfaction would also improve the image of the industry.

6.1.2.3.2 Cross tabulation of age and services rendered to buyers

Cross tabulations were conducted in order to determine whether the services received by buyers differed in relation to age.

Table 6.14: Service rendered to buyers - age

(N = 239)

Aspects	Age category				
	21 - 30	31 - 40	41 - 50	Over 50	Average
Discussing buying needs	77%	84%	73%	73%	79%
Escort Buyers	96%	98%	92%	85%	93%
Inform of defects	54%	55%	55%	49%	53%
Compile offer	85%	89%	94%	85%	88%
Compile Deed of Sale	85%	91%	87%	76%	85%
Congratulated	58%	78%	70%	62%	67%
Copies of Deed	85%	83%	87%	73%	82%
Assist with loan	62%	63%	56%	47%	57%
Quality of service	77%	76%	82%	69%	76%
Pre-qualified	58%	52%	62%	42%	55%
Determine buying amount	54%	53%	62%	47%	54%
Maintain contact	54%	55%	66%	51%	57%
Average	70%	73%	75%	63%	

Respondents in the over 50 category appear to receive a slightly lower level of service delivery across all services, than in relation to the other age categories. Few estate agents appear to congratulate clients on registration, or maintain contact after sale. Therefore it is possible to conclude that not many estate agents embark on extensive after-sales services. In addition financially related services (pre-qualified, determining buying amount and assisting in completing the loan application) are not extensively delivered by estate agents. Once again all the services denoted above are considered as compulsory services to be delivered to buyers.

* Discuss buying requirements

Respondents in the over 50 age category yielded a slightly lower percentage (73%) of respondents indicating deliverance of this service in comparison to the 84% in the 31 to 40 category indicating deliverance. Lower levels of service delivery may cause poor levels of service perceptions amongst the consumers receiving the lower levels. This discussion forms the basis on which estate agents select properties to show buyers. A lack of discussion could result in buyers being shown properties that do not meet their specific requirements.

* Escorting of buyers through properties

In relation to the escorting through property, 85% of respondents in the over 50 group indicated that this service was delivered. Over 90% in the other

categories indicated that the service was delivered. Fewer estate agents deliver this service to older buyers than in relation to younger categories. This may negatively affect the service perceptions of clients. There is room for improvement in the delivery of this service, as all buyers are required to be escorted through the property by the estate agent

* Informed of defects

Fewer than 50% (49%) of respondents in the over 50 age category were informed of defects in the property. Just over half of the respondents in the other categories indicated deliverance of this service. To improve estate agents' delivery of this service, they could perhaps conduct more extensive evaluations of the property. In this manner they would be aware of all possible latent defects in the property, and would be able to inform prospective buyers thereof. Consequently there is room for improvement in the deliverance of this service, especially in relation to the over 50 age category. Lower levels of service delivery (in the presence of defects) may negatively influence industry image and client service perceptions.

* Compiling of Offers

Respondents in the 41 to 50 group yielded the highest percentage (94%) of respondents who had Offers compiled on their behalf, while the 21 to 30, and over 50, categories who had Offers compiled yielded the lowest percentage (85%). With respect to this service estate agents deliver a more frequent

level of service delivery towards respondents in the middle age category. It would be preferable if a more uniform service was delivered to all age categories in order to improve service delivery perceptions.

* Assist with loan

Estate agents appear to deviate service delivery according to age categories, as less than 50% of respondents in the over 50 category indicated that estate agents assisted them with obtaining a loan. Estate agents may improve the extent to which this service is delivered to all age categories in order to improve industry image and service perceptions.

* Compiled a Deed of Sale

Again respondents in the over 50 category yielded the lowest percentage of respondents (76%) who indicated that this service was delivered. Lower levels of service are therefore delivered to respondents in this category. Therefore it is likely that these consumers experience negative perceptions of service delivery as a result. This could be detrimental to the image of the industry.

* Congratulated clients

Respondents in the 21 to 30 age category indicated the lowest percentage of respondents (58%) who were congratulated upon registration by the estate

agents, while 78% in the 31 to 40 age category were congratulated. Estate agents should attempt to congratulate all clients upon registration. This service could form the basis of future contact with clients. Service perceptions and industry image may improve accordingly. Fewer estate agents appear to deliver this service.

* Provide copies of the Deed of Sale

It is respondents in the 41 to 50 category that yielded 87% of respondents who were provided with copies of the Deed of Sale. However 73% of respondents in the over 50 category received copies of the Deed of Sale. This is a compulsory service; therefore it would be advisable for estate agents to give attention to this area, in order to improve service delivery.

6.1.2.4 *Satisfaction with services*

Buyers were required to indicate their satisfaction with the services delivered by estate agents. Table 6.4 illustrates the degree of buyer's satisfaction with services delivered. Respondents were generally satisfied with the services delivered by the estate agents.

Table 6.15: Satisfaction with services

(N = 315)

Service	Very satisfied	Satisfied	Dissatisfied	Very dissatisfied	N/A
Time discussing needs	22.6%	59.0%	7.5%	5.0%	5.9%
Maintain contact	26.8%	56.1%	8.8%	6.7%	1.7%
Notified of Offer result	26.2%	63.3%	4.6%	4.2%	1.7%
Negotiate purchase price	22.5%	55.4%	12.1%	5.8%	4.2%
Progress of loan	16.9%	43.6%	10.2%	8.1%	21.2 %
Discuss transfer costs	18.0%	55.6%	10.5%	5.9%	10.0 %
Explain Deed of Sale	17.9%	60.0%	10.8%	5.4%	5.8%
Progress of transfer	17.9%	50.4%	15.8%	8.3%	7.5%
Removal of Sold Board	16.4%	51.7%	8.0%	11.3%	12.6 %
Satisfy property needs	21.8%	62.8%	3.3%	3.3%	8.8%
Quality of service	31.4%	48.5%	12.1%	7.9%	0.0%

Respondents were particularly satisfied (89,5%) with the notification of the result of their Offer to Purchase (26,2% and 63,3%). The satisfaction of property needs was regarded as satisfactory as well (21,8% and 62,8% = 84,6%). Respondents were also satisfied with the time spent discussing needs (22,6% and 59,0% = 81,6%) and the maintenance of contact (26,8% and 56,1% = 82,9%). Almost eighty percent of respondents (31,4% and 48,5 = 79,9%) indicated varying degrees of satisfaction with the quality of service delivered by the estate agent.

The extent to which estate agents kept buyers informed of the progress of the transfer scored the highest percentages within the dissatisfied and very dissatisfied response categories (15,8% and 8,3% = 24,1%). It is important to note that the removal of Sold Boards also experienced high dissatisfaction

levels (8,0% and 11,3% = 19,3%). Respondents (10,2% and 8,1% = 18,3%) were the least satisfied with the degree to which estate agents kept them informed of the progress of the loan application.

It is possible to conclude that clients were generally satisfied with the quality of service delivered by estate agents. Services prior to the concluding of the Deed of Sale indicate the highest level of satisfaction. However, services performed after the concluding of the sale yield lower levels of satisfaction. Estate agents therefore deliver a poorer service after the Deed of Sale has been concluded. It is advisable for estate agents to attempt to achieve client satisfaction across all services in order to improve the service quality perceptions as well as industry image.

6.1.2.4.1 Cross tabulation of purchasing price and satisfaction with services received

An analysis is conducted to determine whether respondents in different price categories experience varying degrees of satisfaction in relation to the quality of services delivered by estate agents.

Table 6.16: Buyers satisfaction with services

(N = 239)

Aspects	Buying price (in thousands)			
	<250	251 – 500	>500	Average
Buying requirements	84%	82%	84%	83%
Explain Deed of Sale	82%	83%	75%	80%
Progress of transfer	72%	74%	69%	72%
Satisfaction of property needs	90%	88%	93%	90%
Quality of service	74%	81%	84%	80%
Maintenance of contact	88%	82%	82%	84%
Notified of the result of Offer	92%	93%	84%	90%
Negotiation of purchase price	86%	78%	78%	81%
Progress of loan	58%	73%	73%	68%
Removal of Sold Board	78%	73%	73%	75%
Average	80%	81%	80%	

The informing of buyers of the progress of the loan application and the progress of the transfer are two areas in which buyers experience lower levels of service satisfaction. Notification of the result of the offer and satisfaction of property needs constitute the services in which respondents are most satisfied with the manner and extent to which estate agents deliver the service.

✳ Time discussing needs

Respondents appear relatively satisfied with the time the estate agent spent discussing their needs. Satisfaction levels are all concentrated within the 82% to 84% range. This indicates that estate agents are delivering superior levels of this service, irrespective of purchasing price.

High levels of service delivery contribute towards higher satisfaction levels and positive service perceptions. However, attention should be given to reducing the number of dissatisfied clients. The aim is 100% satisfaction with the delivery of all services, therefore there is still room for improvement in relation to the manner in which estate agents deliver this crucial service.

✳ Notified of the result of the Offer to Purchase

When the highest and lowest percentages of satisfaction are analysed there is a nine percent difference between the two percentages. It is the respondents in the over R501 000 category who yielded the lowest percentage (84%) of satisfied respondents, while it is respondents in the middle range of R251 000 to R500 000 (93%) who experienced the highest levels of satisfaction. It is possible that as the clients in the over R501 000 category expect a higher level of service, and as a result are less inclined to be satisfied with the level of service that is delivered by the estate agent. The notification of the results of the Offer need to be relayed in a timeous manner, delayed delivery creates unfavourable service perceptions by these clients.

* Explanation of the conditions of the Deed of Sale

Respondents in the over R501 000 category yielded the lowest percentage (75%) of respondents that were satisfied with the manner in which estate agents explained the conditions in the Deed of Sale. However 83% of respondents in the R251 000 – R500 000 category were satisfied with the explaining of the deed of Sale. It is possible that estate agents assume that it is unnecessary to explain conditions in the Deed to the higher price range. As a result they deliver a lower level of service for these clients, which results in lower satisfaction levels and service perceptions. Respondents are required to be completely (100%) satisfied with the discussing of the Deed of Sale. In this manner comprehension is increased and misunderstandings are reduced.

* Progress of Transfer

Sixty-nine percent of respondents in the over R501 000 category were satisfied with the manner in which they were informed of the progress of the transfers, as opposed to the 74% satisfied with in the R251 000 – R500 000 price category. The levels of satisfaction across all price categories in relation to this service are not particularly high. It would be advisable for estate agents to address the manner in which this service is delivered in order to improve client satisfaction across all price categories, and ultimately to influence the service quality experienced by clients.

* Satisfaction of property needs

Respondents across all categories were relatively satisfied with the way in which their property needs were satisfied. It is respondents buying property priced over R501 000 that yield a 93% level of satisfaction as opposed to 88% in the R251 000 to R500 000 category. As buyers require a complete meeting of their needs, estate agents may still improve on the extent to which they satisfy the client requirements or property needs.

When analysing respondents satisfied with the time discussing needs, the over R501 000 group of respondents yielded one of the highest percentages of satisfied respondents. Furthermore the respondents with the lowest level of satisfaction (R251 000 – R500 000) in relation to this particular service, also yielded the lowest level of satisfaction in relation to the time spent discussing needs. Therefore an improvement in the time spent discussing needs could possibly improve satisfaction in relation to this service as well. Accordingly service perceptions may improve as well as industry image.

* Quality of service

An analysis of the two most significant figures indicates that respondents in the over R501 000 category experienced considerably higher (84%) levels of satisfaction in relation to respondents in the less than R250 000 category.

This indicates that estate agents are perceived as delivering a higher level of service to respondents in the over R501 000 category as opposed to the respondents in the under R250 000 category. Estate agents therefore appear to deliver a lower level of service quality to lower price ranges than to those purchasing in higher ranges.

However this perception may be distorted as respondents in the one price category may have lower expectations than respondents in other price categories. In other words perhaps this variation is due to respondents buying in the lower price categories are more easily satisfied than those buying in higher price categories.

Attempts should, however, be made to improve service delivery across all categories in order to improve client's perceptions of service quality and industry image. Estate agents should give attention to the services denoted as compulsory in the Code of Conduct. A more uniform service delivery / manner could be adopted in order to achieve service satisfaction.

6.1.2.4.2 Cross tabulation of age and satisfaction with services received

Individual cross tabulations are combined to form one comprehensive table. Averages are utilised in order to determine service satisfaction across specific age groups. In this way it is possible to determine service delivery across individual age categories.

Table 6.17: Buyers satisfaction with service - age

(N = 239)

Aspects	Age category				
	21 - 30	31 - 40	41 - 50	Over 50	Average
Discussing buyers needs	73%	87%	83%	73%	79%
Maintenance of contact	81%	85%	89%	71%	82%
Explain Deed of Sale	73%	80%	79%	75%	77%
Progress of Transfer	73%	71%	72%	56%	68%
Qualify of service	77%	79%	86%	73%	79%
Notified of Offer result	92%	93%	85%	87%	89%
Negotiate purchase price	81%	80%	79%	71%	78%
Progress of loan	58%	63%	61%	53%	59%
Discussion of transfer costs	69%	76%	73%	71%	72%
Removal of Sold Board	62%	70%	70%	60%	66%
Satisfy property needs	96%	86%	85%	75%	86%
Average	70%	73%	72%	64%	

Respondents in the over 50 age category appear to be slightly less satisfied with the service they received from the estate agents. It was also this group of respondents that indicated lower levels of service delivery by estate agents. It is therefore possible to determine that the extent of service delivery is directly related to service satisfaction. Respondents across all categories appear to be less satisfied with the manner in which estate agents informed them of the progress of the transfer, progress of the loan, and the removal of

the Sold boards. Perceptions of service delivery are negatively affected as a result. Industry image could also be affected.

* Time discussing needs

There is a 14% difference between the highest and lowest percentage of respondents indicating satisfaction with the time spent discussing their needs. Respondents in the over 50 category and the 21 to 30 age category yielded the lowest percentage of respondents satisfied (73%) with the delivery of this service. The 31 to 40 category yielded 87% of satisfied respondents. Therefore it appears as if respondents in the 31 to 40 category were more satisfied with the quality of this service. It is also respondents in the 31 to 40 category that yielded the highest level delivery with regard to this service, while the over 50, and 21 to 30, categories indicated lower levels of service delivery. There appears to be a link between the extent of delivery and service satisfaction. There is still room for improvement in this service, in order to improve client satisfaction levels and service perceptions.

* Maintenance of contact

Seventy-one percent (71%) of buyers in the over 50 category were satisfied with the extent to which estate agents maintained contact after the registration of the property. It is respondents in the over 50 category that yielded the lowest percentage of respondents indicating that estate agents maintained contact, while 89% in the 41 to 50 age group were satisfied with the

maintenance of contact. Clearly estate agents maintained contact less regularly with buyers over 50. Therefore a lower level of service is delivered to this group of buyers. This could be a mistake as after sales service and relationship marketing should be rendered to all groups in order to create favourable service perceptions and ultimately a positive industry image.

* Explain Deed of Sale

Respondents in the 21 to 30 age category yielded the lowest percentage (73%) of satisfied respondents in relation to this service. This category may be regarded as relatively inexperienced; therefore they require extensive explanations relating to the conditions contained within the Deed of Sale in order to ensure comprehension.

This relatively low percentage indicates a lower level / quality of service delivered to this group by estate agents. Accordingly this group will experience poorer service perceptions than others. Estate agents could pay attention to this area in order to improve service delivery across all categories.

* Progress of Transfer

Respondents in the over 50 category yielded a significantly lower percentage of satisfied respondents (56%) than in relation to the other categories. Estate agents deliver a lower level of service to this group. It is respondents in the 21 to 30 group that were most satisfied (73%) with the delivery of this service.

The levels of service delivery may cause negative service perceptions amongst respondents not receiving this service. Industry image could also be affected as a result of dissatisfied clients. Estate agents must also attempt to reduce the number of dissatisfied respondents. Furthermore estate agents should attempt to ensure that all age categories receive the same level of service.

* Quality of service

As may be seen, respondents in the over 50 category were the least satisfied (73%) with the quality of service that they received. When this is analysed in relation to the other services, it may be seen that across the majority of services this group was relatively less satisfied with the level of service delivered by estate agents. This situation could explain the reason for the relatively low perceptions of service delivery experienced by this group. This indicates relatively low service perceptions and poor industry image.

Eighty-six percent (86%) of respondents in the 41 to 50 category were satisfied with the service they received from the estate agents. This group continuously received a high level of service delivery; therefore they were more satisfied with the service delivered than other categories.

6.1.3 Estate agents

Sellers are the primary client of the estate agent and are responsible for the payment of services received. Estate agents were asked questions that are similar to those asked of the clients. Please note that estate agents were provided with a separate questionnaire, and therefore represent an independent database from that of the clients.

6.1.3.1 Training of estate agents

The aim of this question was to determine whether estate agents are trained to deliver quality service to their clients.

Figure 6.14: Training of estate agents

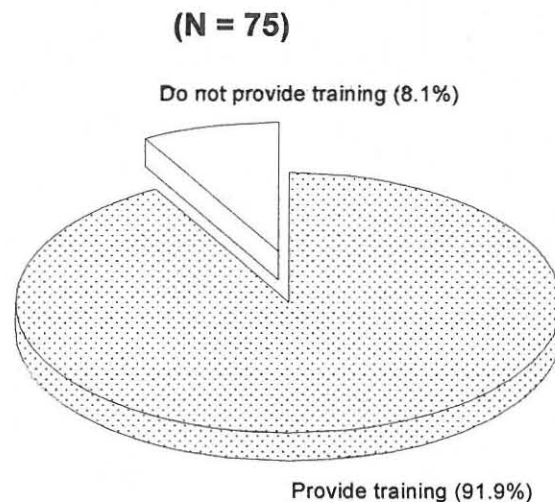
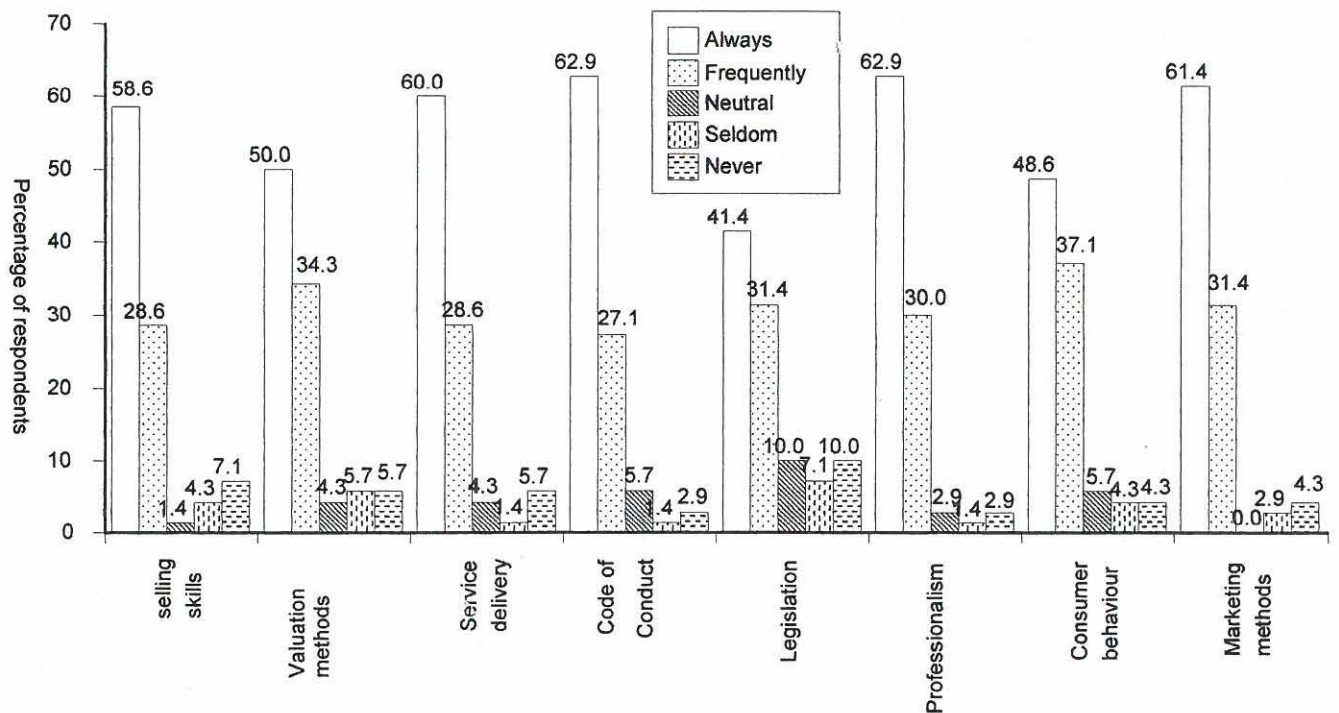


Figure 6.14 provides a graphic representation of estate agents' responses to whether estate agents are trained. As may be seen, 91,9% of respondents provided training to their estate agents. Therefore, it is possible to determine

that estate agents in Bloemfontein are trained to deliver a high quality of service to clients.

Question 2a – 2h (see attached questionnaire) was utilised in order to determine the areas in which estate agents are trained, as well as the frequency of training. Figure 6.15 illustrates the areas in which estate agents are trained by principals. As may be seen, respondents indicated to a large extent that they provide constant (always) training in all fields.

**Figure 6.15: Areas in which estate agents receive training
(N = 75)**



Respondents indicated that the Code of Conduct (62,9%) and professionalism (62,9%) are areas in which estate agents are trained. Marketing methods and service delivery also rated highly (61,4% and 60,0% respectively). The

methods, which ensure improved service delivery and professionalism, are the areas which receive most training. These can lead to improved service perception by clients. However, these percentages are not significantly high. As a result clients need to carefully select the estate agent or agency they use as 37,1% of estate agents are not trained in important areas.

Training in legislation is the area in which estate agents are trained the least frequently (41,4% and 31,4% = 72,8%). Research also indicated that legislation is also the area in which estate agents are the least likely to be trained (7,1% and 10,0% = 17,1%). A lack of training in these areas may result in estate agents inadvertently contravening the relevant laws, thereby delivering sub-standard service. Such actions would be detrimental to the image of the industry.

6.1.3.1.1 Cross tabulation of training of estate agents

Cross tabulations analysed the training of estate agents in relation to the operating length of the estate agency. The purpose is to determine whether training differs according to the length of time the estate agency has been operating.

Table 6.18 : Training of estate agents

(N = 75)

Operating Length counts % rows	Agents trained	
	Yes	No
Less than 1 year	66%	34%
1 to 2 years	94%	6%
More than 2 years	81%	19%
Total	92%	8%

Respondents operating for extended periods, in the majority train their agents. However respondents operating for less than one year train their estate agents to a lesser degree (75%). This could be detrimental, as these agencies are relatively inexperienced and therefore require training in order to deliver a high level of service. A lack of training may therefore negatively affect service delivery and quality.

The areas in which estate agents are trained were also analysed in relation to the period for which the estate agency had been operated. In this manner it was possible to determine if the length of operation had any effect on the degree to which principals trained their estate agents.

Table 6.19 : Areas in which estate agents are trained

(N = 75)

Aspects	Operating length			
	< 1 year	1 – 2 years	> 2 years	Average
Selling skills	75%	90%	82%	82%
Valuation methods	25%	90%	84%	66%
Service delivery	75%	100%	82%	86%
Code of conduct	75%	100%	82%	86%
Legislation	63%	90%	97%	73%
Professionalism	75%	100%	86%	87%
Consumer behaviour	83%	80%	82%	75%
Marketing methods	75%	100%	86%	87%
Average	66%	94%	81%	

It is respondents operating for less than one year that train their estate agents less extensively in all areas. This could be detrimental as these estate agencies are relatively new and require training in order to deliver high levels of service. Furthermore valuation methods is the area in which all categories train their estate agents the least. This is problematic as this method is often used as the basis for the determination of the selling price. In specific it is respondents operating for less than one year that train their estate agents the least in this method.

* Selling skills

It is apparent that in relation to selling skills it is respondents operating for one to two years that train the estate agents most (90%) in this area. These agents therefore concentrate on improving the way in which they sell to clients. It may therefore improve the level of service delivery of these estate agents.

* Valuation methods

Respondents in the less than one year category do not train their agents in valuation methods (25%). This will negatively affect service delivery, as they will be unable to conduct a valid and reliable valuation of the property. As a result incorrect prices will be set for the properties. Time taken to sell the property will increase, and it is unlikely that the suggested price will be obtained. As a result clients will be dissatisfied and will perceive low service quality, and the industry will have a poor image. Clients will need to be informed that only 25% of respondents operating for less than one year train their estate agents in valuation methods. As these estate agents are not trained in this method, any valuation that they determine is likely to be inaccurate. Accordingly these agents will deliver a lower level of service delivery to clients.

* Service delivery

Respondents in the one to two year category concentrated on training estate agents in service delivery in order to improve their service delivery. The younger agencies do not train extensively in this area. A concentrated effort in training in these areas in order to improve service delivery is needed by estate agencies, especially the younger ones. Training in service delivery may result in an improvement in the manner in which estate agents deliver the mandatory service, thus improving client perceptions of service delivery.

* Code of Conduct

It is interesting to note that not all categories constantly train their estate agents in the Code of Conduct. This could be detrimental to the industry, as the Code of conduct governs all action in an attempt to ensure ethical behaviour. A lack of training in these areas could result in estate agents not delivering the appropriate services and service quality. This would affect the industry negatively. In addition it is compulsory for all estate agents to be trained in the Code of Conduct as it is the main regulatory tool in the industry. Estate agents not trained in the Code of Conduct will be unaware of compulsory services and may deliver a lower quality of service to their clients.

* Legislation

Ninety percent (90%) of respondents in the one to two year category train their estate agents in legislation. However, only 63% of estate agents operating for less than one year train their estate agents in legislation. Estate agencies should also pay attention to the training of estate agents in the area of legislation, in order to ensure that they abide by the law. Non-compliance will result in poor service delivery and a poor industry image.

* Professionalism

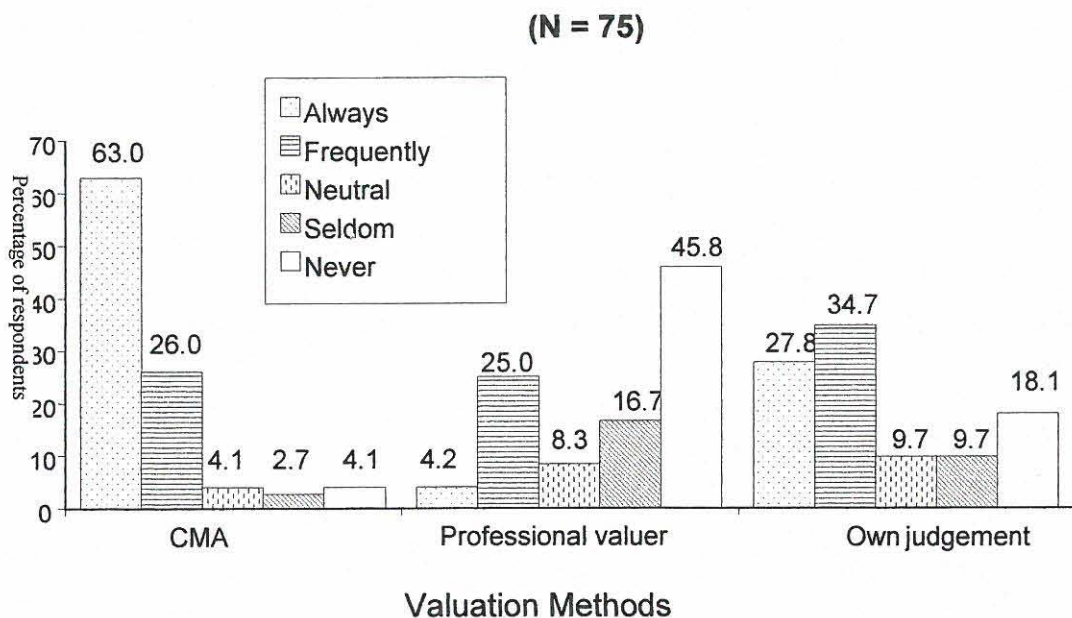
All respondents (100%) in the one to two year category, train their estate agents in professionalism. It is therefore possible to conclude that this category offers a superior level of service to their clients as a result of the training they give their estate agents. However, 75% of respondents in the less than one year category train their estate agents regularly in professionalism. Training in professionalism will improve service delivery in this category. Emphasis should therefore be placed on training of estate agents in all areas.

6.1.3.2 *Methods used to determine selling price*

Respondents were required to identify the methods that are most frequently utilised to determine the selling price of the property.

Figure 6.16 identifies the methods most frequently utilised by estate agents to determine a property's selling price.

Figure 6.16: Methods utilised to determine the property's selling price



It is clearly visible that 63, 0% of estate agents regularly use a Comparative Market Analysis. A CMA is denoted as compulsory, however only 63% of respondents utilise the method. The estate agent's own judgement was cited by 34,7% of estate agents as a method they use frequently. A professional valuer is cited by 45,8% of respondents as the method most likely not to be utilised.

Interestingly 50,0% of respondents indicated that they always train their estate agents in Comparative Market Analysis. Estate agents need to be trained in order to conduct a reliable comparative market analysis. The low percentage trained in relation to the 63,0% utilising this method of valuation is problematic. This is due to the fact that estate agents are not aware of how to

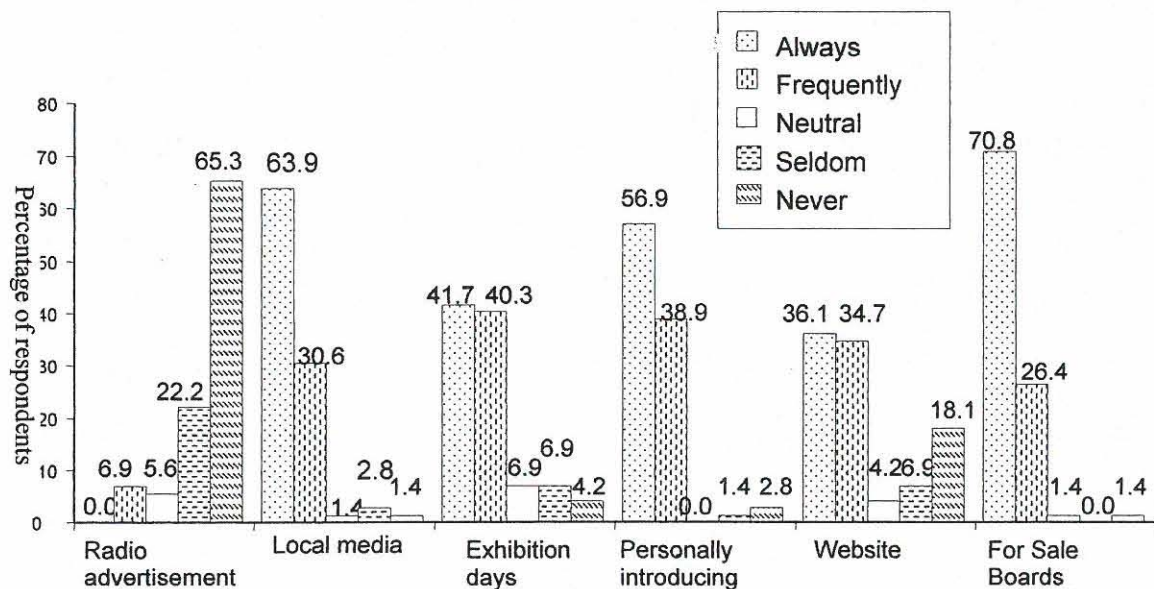
conduct the Comparative Market Analysis properly and as a result, determine inaccurate selling prices. Accordingly the inaccurate selling prices are not obtained, and clients perceive low levels of service in this regard. This could prove detrimental to the industry, especially as over half of the estate agents use this method.

6.1.3.3 Advertising methods

The various advertising methods were analysed in question 4a - 4f. The results are depicted as follows:

Figure 6.17: Advertising methods

(N = 75)



Advertising of the property constitutes a cost that is borne by the estate agent. As a result the extent to which estate agents advertise is often an important determinant of both service delivery and quality. 'For Sale' boards were cited

by 70,8% respondents as the technique which is always utilised to advertise a property. Local media advertisements were cited by 63,9% respondents as a method always utilised to advertise properties. The personal introduction of buyers to properties was identified as a frequently utilised advertising technique (56,9% respondents).

Since 65,3% of respondents indicated that they never use radio advertisements, it may be said that it is not a frequently used advertising method within the industry. However 35% do utilise radio advertisements, this could indicate a possibility of future use by other estate agents. Exhibition days are also frequently utilised by estate agents to advertise property (41,7% and 40,3% = 82,0% of respondents).

Estate agents concentrate primarily on local media advertising and the use of "For Sale" boards, thus restricting the exposure of the property. If attention is given to the development of website advertising as a means of exposing properties, it may expedite the sale of the property. Accordingly client satisfaction would increase due to faster sales. Exhibition days yielded a lower percentage of regular use than in relation to 'For Sale' boards or local media advertising for instance. This indicates an area that could be addressed as an advertising technique by estate agents.

Clients rely to a relatively high extent on the exposure that their properties receive in order to sell them. Limited exposure could therefore be perceived as poor service delivery by clients. Furthermore, research among clients

(page 192) indicated that the marketing of the property was one of the areas where clients yielded lower levels of satisfaction with the service delivered.

6.1.3.3.1 Cross tabulation of advertising methods

A cross tabulation was conducted to determine if the advertising methods employed varied according to the operating length.

Table 6.20: Advertising methods

(N = 75)

Aspects	Operating length			
	< 1 year	1 – 2 years	> 2 years	Average
Radio advertisements	0%	0%	9%	N/A
Local media advertisements	100%	90%	89%	93%
Exhibition days	88%	80%	77%	82%
For Sale Boards	100%	90%	93%	94%
Personally introducing buyers	100%	100%	89%	96%
Website	63%	70%	68%	67%
Average	75%	72%	71%	

Research indicates that respondents across all categories utilise the same degree of advertising methods to give properties exposure. Advertising on the estate agency website and radio advertising are the methods utilised least by estate agents.

* Local media advertising

Local media is used by the majority of respondents across all categories. It is the respondents in the less than one year category that use this form of advertising most extensively. The use of this method provides a visual and tangible method by which clients may evaluate the delivery of the estate agents' service. The higher the exposure the higher the service quality perceptions. It is also the method which clients expect estate agents to utilise. Not using this method may cause clients to perceive low levels of service delivery on the part of the estate agent.

* Exhibition days

Respondents in the over two year category use exhibition days to market the property to a lesser degree (77%) than other categories. Estate agents in the less than one year category constantly use exhibition (88%) days to promote the property. As may be seen there is a decrease in the use of this method as the estate agencies operate for longer periods. While the decrease is not significant it may indicate the beginning of a trend towards not using this method by estate agents.

The extent to which the estate agent promotes the property, is often used by the client to evaluate service delivery. An increase in the use of this method may provide the property with more exposure thereby contributing towards favourable service perceptions.

✱ Personally introducing buyers

This method of advertising is popular across all categories. However, a lower percentage of respondents (89%) in the over two year category use this method than in relation to the other categories. Respondents in the remaining categories indicated that they always use this method to advertise the property. It is to be expected that all respondents would perform this service as it is the basis for effective cause, thus entitling estate agents to commission. Non-performance indicates a lower level of service delivery by estate agents, and this may lead to disputes.

✱ Website advertising

Lower percentages of respondents use this method to advertise properties. However, it is respondents in the one to two year category that utilise it most (70%). This indicates an area where estate agents are not as advanced as they could be.

Website advertising would provide estate agents the opportunity to advertise their listed properties internationally rather than just nationally, thus increasing the exposure the properties receive. Increased exposure expedites the sale of the property and would improve service delivery as well as perceptions by clients. It would also help estate agents to reach larger numbers of prospective buyers able to purchase the properties, in other words, it increases the number of prospective buyers. In addition, people who can

afford to buy properties have increasing access to the Internet, therefore this method would be beneficial to estate agents.

* For Sale boards

All categories yielded 90% or more of respondents who always utilise 'For Sale' boards to advertise the property. It is possible to conclude that this method is utilised by most estate agents to advertise the property. Estate agents regularly deliver this service.

It is important that estate agents first obtain clients' permission before placing the boards, as many clients are opposed to the boards being placed on their property. Placement without permission may be detrimental to industry image as well as client service perceptions. Therefore the lower than 100% in certain categories maybe the result of clients refusing to give permission for the boards to be placed.

6.1.3.4 *Services delivered*

Estate agents are required to deliver all services to ensure an adequate level of service delivery.

Table 6.21: Services delivered by estate agents

(N = 75)

Service	Always	Frequently	Neutral	Seldom	Never
Discuss clients requirements	76.0%	21.3%	0.0%	1.3%	1.3%
Mandates	72.0%	24.0%	1.3%	1.3%	1.3%
Commission	65.3%	28.0%	4.0%	1.3%	1.3%
Reduce commission	28.0%	42.7%	13.3%	10.7%	5.3%
Marketing strategy	62.7%	28.0%	5.3%	2.7%	1.3%
Recommend marketing tips	52.0%	34.7%	5.3%	5.3%	2.7%
Pre-qualify buyers	41.3%	32.0%	10.7%	9.3%	6.7%
Escort buyers	85.3%	10.7%	2.7%	1.3%	0.0%
Informing of defects	69.3%	25.3%	4.0%	1.3%	0.0%
Negotiating selling price	68.0%	26.7%	1.3%	2.7%	1.3%
Compile Offers to Purchase	73.3%	17.3%	1.3%	4.0%	4.0%
Conditions of Sale	85.3%	10.7%	0.0%	1.3%	2.7%
Negotiating conditions	74.7%	18.7%	0.0%	4.0%	2.7%
Compiling Deed of Sale	73.3%	14.7%	2.7%	6.7%	2.7%
Providing copies of deed	80.0%	9.3%	4.0%	2.7%	4.0%
Discuss transfer costs	70.7%	25.3%	1.3%	0.0%	2.7%
Liaise with conveyancer	65.3%	30.7%	1.3%	0.0%	2.7%
Progress of transfer	58.7%	34.7%	2.7%	1.3%	2.7%
Progress of loan	66.7%	22.7%	1.3%	4.0%	5.3%
Maintain contact	68.0%	29.3%	0.0%	1.3%	1.3%
Outcome of offer	88.0%	8.0%	1.3%	0.0%	2.7%
Explain sale conditions	80.0%	14.7%	1.3%	1.3%	2.7%
Arrange finance	56.0%	24.0%	2.7%	8.0%	9.3%
Contact after registration	36.0%	40.0%	14.7%	6.7%	2.7%
Congratulate clients	81.3%	13.3%	5.3%	0.0%	0.0%

Respondents identified the notification of the outcome of the Offer to Purchase as a service always delivered (88,0%). Escorting of buyers and explaining conditions of sale were also cited by respondents as services that are always delivered (85,3% and 85,3% respectively). Congratulating clients (81,3%), provision of copies of the Deed of Sale (80,0%) and the explanation of the conditions of sale (80,0%), were also identified as services provided on a regular basis by estate agents.

Just over fifty-eight percent (58,7%) of respondents indicated that they always inform clients of the progress of the transfer. Slightly over half the respondents (52%) stated that they recommended methods to improve the marketability of properties. Interestingly 28% of respondents said they always reduce commission to ensure a sale. Over forty percent (42,7%) of respondents indicated that they frequently reduce their commission in order to ensure a transaction.

Forty percent (40%) of respondents indicated that they frequently maintain contact with clients after registration. This means that 60% did not maintain contact and were therefore unable to determine if any problem areas arose. Accordingly they cannot improve on service, as they are unaware of problem areas. Almost eleven percent (10,7%) of respondents stated that they were seldom prepared to reduce commission in order to ensure a transaction.

Only 36,0% of respondents indicated that they always maintain contact with clients. It is possible to assume that estate agents identify certain areas in which they concentrate service delivery. This could be a mistake, as clients do not solely evaluate service delivery on a few services, but evaluate all. The lack of attention to the delivery of the marketing strategy is an indication of the lower than expected service delivery levels.

6.1.3.4.1 Cross tabulation of the services delivered

Cross tabulations were conducted to analyse the relationship between the length of operation and the services delivered in relation to the services delivered by estate agents within the Bloemfontein region.

In order to determine an average level of industry delivery the operating length categories have been combined in order to develop two distinct sections namely, those operating for two years or less and respondents operating for more two years. In this manner it is possible to provide a comparison of the levels of service delivery, as maintained by the estate agents, in relation to the length of operation.

Extended analysis involves the combining of the levels of service of the two distinct sections, and the calculation of averages therefrom. Averages are utilised in order to determine the extent to which the industry delivers certain services. All services are combined into one comprehensive table as depicted on the following page. Again all services denoted as compulsory services are to be performed by estate agents within the Code of Conduct.

Table 6.22: Services delivered

(N = 75)

Aspects	Operating length		
	2 years or less	More than 2 years	Average
Discuss requirements	100%	96%	98%
Discuss mandates	89%	98%	94%
Discuss commission	89%	98%	94%
Negotiate conditions	83%	96%	90%
Reduce commission	61%	74%	68%
Marketing strategy	72%	96%	84%
Recommend marketing tips	78%	89%	84%
Compile Deed of Sale	94%	86%	90%
Inform of defects	89%	96%	93%
Negotiate selling price	83%	98%	91%
Compile Offers to Purchase	94%	89%	92%
Negotiate conditions of sale	94%	96%	95%
Provide copies of Deed	72%	95%	84%
Discuss transfer costs	89%	98%	94%
Liaise with conveyancers	89%	98%	94%
Progress of transfer	83%	96%	90%
Progress of loan	89%	89%	89%
Maintain contact	94%	98%	96%
Explain conditions in Deed	89%	96%	93%
Arranging of finance	61%	86%	74%
Contact after registration	67%	79%	73%
Congratulate clients	89%	96%	93%
Pre-qualify buyers	75%	73%	74%
Escort buyers	88%	97%	93%
Compile Deed of Sale	88%	88%	88%
Average	88%	92%	

Only one aspect, discuss requirements, in the two years or less category complies with the requirements of the Code of Conduct. No aspects are completely complied with in the over two year category. It is respondents

operating for more than two years who yield slightly higher percentages of delivering services. The services of reducing commission, arranging finance, contact after registration and the pre-qualification of buyers are the services yielding lower percentages of delivery. This table will be analysed further in subsequent pages.

* Client requirements

Estate agents indicated in a majority that they discuss the client's requirements. However respondents in the over 2 year category indicated less than 100% delivery of this service. This should be corrected because the discussion of clients' requirements forms the basis of the buying and selling process. The non-deliverance of this service represents poor service delivery and quality. Estate agents will also not be aware of what their clients' requirements are and will be unable to satisfy them.

* Mandates

Again respondents in their majority indicated that they discuss the obligations and implications of mandates with their clients. Respondents operating for two years or less deliver this service less often (89%) than respondents in the over two year (98%) category. Accordingly there is room for improvement in the delivery of this service in both categories, but in specific the respondents operating for two years or less. This service will ensure that all sellers are

familiar with their obligations. Service delivery and perceptions will be improved accordingly.

* Discussing commission

Estate agents indicated in the majority that they always discuss the commission payable with clients. However 89% operating for two years or less indicated that they deliver this service, while 98% in the over two year category deliver the service. Again there is room for improvement in relation to the delivery of this service. Attention could be given to the extent to which respondents in the two years or less category deliver this service. To improve service delivery it would be advisable if estate agents discuss commission with all clients.

* Reduction of commission

Lower percentages of respondents indicated that they deliver this service. In other words fewer estate agents are prepared to reduce their commission in order to ensure a sale. Research shows that it is respondents in the over two year category that are more (74%) prepared to reduce commission in order to ensure a transaction. Respondents in the two years or less category are less prepared (61%) to reduce commission in order to ensure a transaction. A higher degree of flexibility by principals in regard to this service would contribute towards higher perceptions of service quality by clients.

* Marketing strategy

Ninety-six percent (96%) of respondents operating for more than two years discuss the marketing strategy with clients. Estate agencies operating for two years or less appear to discuss the marketing strategy less frequently (72%). There is room for improvement in relation to the younger estate agencies with regard to the delivery of this service. An increase in deliverance may improve service quality perceptions. Interestingly it is this service with which clients are less satisfied in terms of both the extent of delivery and manner of delivery.

* Recommend marketing tips

Eighty-nine percent (89%) of respondents operating for more than two years indicated that they provide tips to sellers in order to improve the marketability of their property, while 75% of respondents operating for two years or less provide marketing tips. Estate agents could perhaps concentrate on providing sellers with more tips in order to increase the value / marketability of the property. Client's service perceptions would increase accordingly.

* Inform of defects

It is respondents operating for two years or less that deliver this service to a lesser degree (89%) than those operating for more than two years (98%). It is important to note that this service is only delivered in the presence of defects.

Therefore estate agents answered as to whether they would inform clients of defects of which they were aware. This is a compulsory service that has to be delivered. Therefore the less than 100% percentage yielded is problematic. Estate agents who do not inform buyers of defects, in the presence of defects, are delivering a sub-standard dishonest level of service. An increase in the deliverance of this service would result in an increase in service quality perceptions by clients.

* Negotiation of the selling price

Estate agents in the younger agencies (83%) may consider improving the extent to which they negotiate the selling price. These respondents deliver a significantly lower service than respondents operating for more than two years (98%). Continuous negotiation results in more favourable service perceptions by clients. Estate agents are meant to act in their client's best interest, therefore a lack of negotiation creates unfavourable service perceptions on the part of the client.

* Offers to Purchase

Higher percentages of respondents in the two years or less category (94%), than in the more than two year category (89%), indicated that they compile Offers to Purchase on behalf of their clients. There is room for improvement in terms of service delivery among respondents operating for more than two

years. Respondents not receiving this service will probably have lower perceptions of service quality than those who receive this service.

* Explanation of conditions in the Deed of Sale

Eighty-nine percent (89%) of respondents operating for two years or less deliver this service, as opposed to the 96% operating for more than two years. Once again this is a compulsory service. Therefore estate agents delivering less than 100% in terms of this service are delivering a lower level of service. They must ensure that they deliver this service to all clients, not just to a selected majority. Such actions may cause clients to experience lower levels of service quality.

* Compile Deed of Sale

A higher percentage of respondents (94%) operating for two years or less compile Deeds of Sale on behalf of their clients. Respondents operating for more than two years appear less inclined to compile Deeds of Sale (86%). However, these agencies will need to be able to deliver this service if required by clients. Therefore they should attempt to improve the extent of service delivery. A comprehensive package of services will facilitate the process for clients and this improves their service perceptions.

✳ Providing copies of the Deed of Sale

A significantly lower percentage of respondents (72%) operating for two years or less provide their clients with copies of the Deed of Sale. This indicates an area where this category is delivering a lower level of service, which may be improved. However 95% of respondents in the over two year category provide their clients with copies of the deed of sale. Attention should be given to increasing the number of respondents providing copies. As this service is compulsory less than 100% delivery constitutes poor service delivery. Ultimately it will result in a higher level of service being delivered by estate agents.

✳ Discussion of transfer costs

Again respondents operating for two years or less (89%) deliver a lower level of service than respondents operating for more than two years (98%). Estate agents may improve the manner and extent to which they discuss transfer costs with clients, in order to improve their service delivery.

✳ Progress of the transfer

The older estate agencies yielded a higher percentage (96%), of respondents that discuss the progress of the transfer with the clients. The other category delivers a lower level of service (83%), as they do not discuss it as frequently

with clients. An improvement in the delivery of this service would improve clients' service quality perceptions.

* Maintenance of contact

High percentages of respondents in both categories indicated that they maintain contact with their clients after the registration. Previous client figures indicated that this was not the case. Therefore estate agents should address the delivery of this service in order to help build long-term relationships with clients, while improving service delivery.

* Arranging of finance

The assisting in the arranging of finance by estate agents is a service in which all categories yielded a lower percentage of service delivery than in relation to the delivery of other services. Sixty-one percent (61%), of respondents operating for two years or less assist buyers in completing loan applications and arranging finance. However 86% of respondents operating for more than two years deliver this service to buyers. An improvement in the delivery of this service may increase client satisfaction, and offer a more comprehensive service package, thereby improving service quality perceptions.

* Contact after registration

Sixty-seven percent (67%), of respondents operating for two years or less maintain contact with their clients once the property has been registered on the buyers name. A slightly higher percentage (79%), of respondents in the over two year category maintain contact after registration. Estate agents should attempt to establish a system of after sales service, based on contact after registration. In this manner future service delivery will be improved. Problem areas in service delivery may also be identified and rectified by estate agents. As a result industry image may also improve.

* Congratulate clients

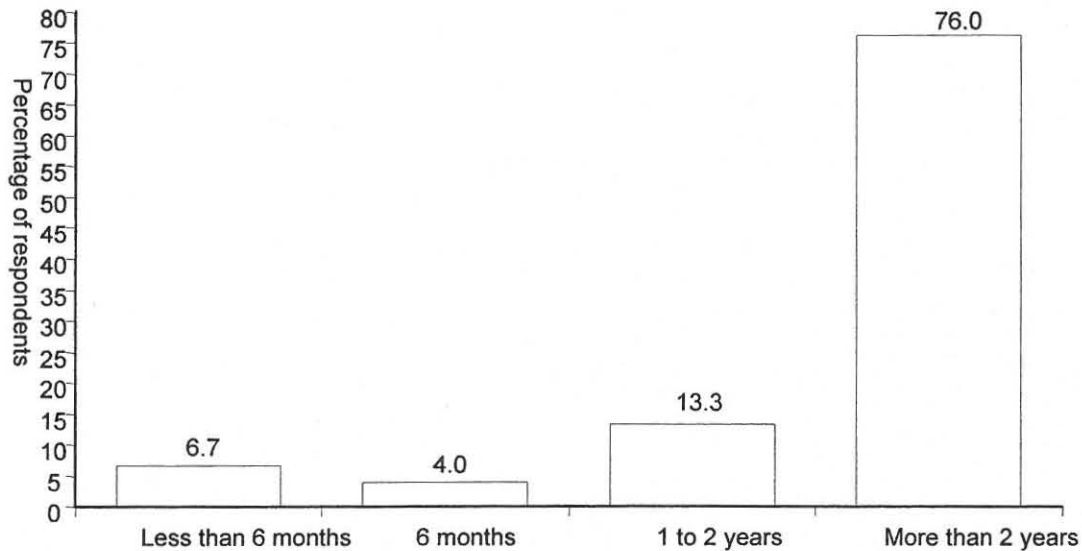
Ninety-six percent (96%) of estate agents operating for more than two years congratulate clients upon registration, relative to the 89% doing so in the two years or less category. Congratulating clients upon registration leaves a lasting impression with clients and favourably influences their perceptions of service. In this regard it may be beneficial for estate agents to increase the deliverance of this service in order to improve service perceptions.

6.1.3.5 *Operating length and number of estate agents*

The aim of question 8 of the attached questionnaire was to determine the average operating length of estate agencies within the industry.

Figure 6.18: Operating length

(N = 75)



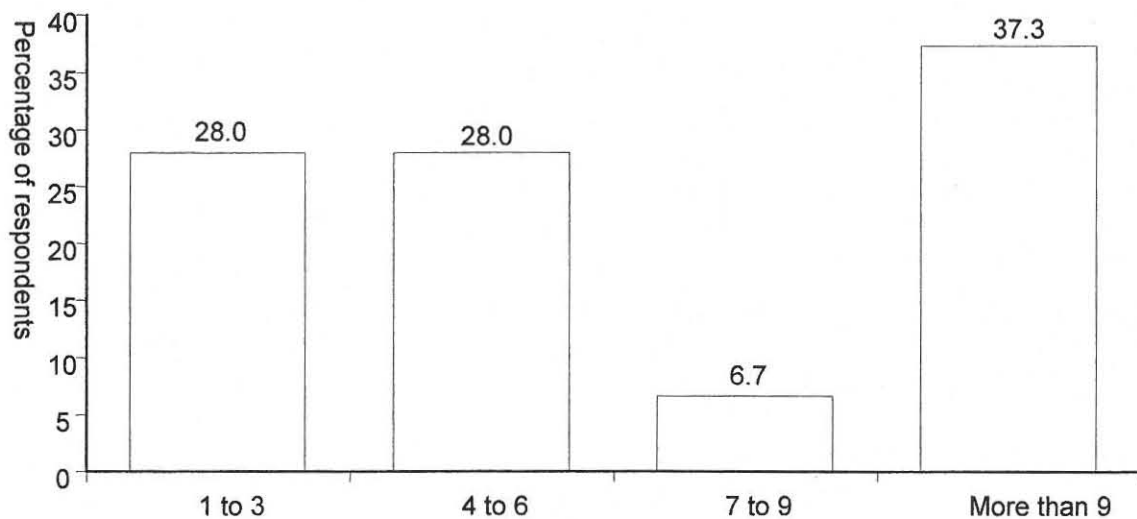
An average number of estate agents operating per estate agency may be calculated. In this manner it was possible to determine a perception as to the average size of estate agencies in Bloemfontein. Furthermore, the extent to which estate agencies are established within the area is also established through the use of these questions. In other words the “average” age of estate agencies in the industry could be determined.

It may be seen that the majority of respondents (76,0%) have been in operation for a period exceeding two years. Over thirteen percent (13,3%) of responding estate agencies had been operating for a period of between one and two years. It should be noted that 6,7% of respondents had been operating for a period of less than six months prior to the survey being conducted.

Therefore we may assume that estate agents operating for longer periods are likely to offer a higher quality level of service as a result of experience and continued operation. The majority of estate agencies in Bloemfontein are therefore established estate agencies that have been practising for an extended period.

Figure 6.19: Number of estate agents

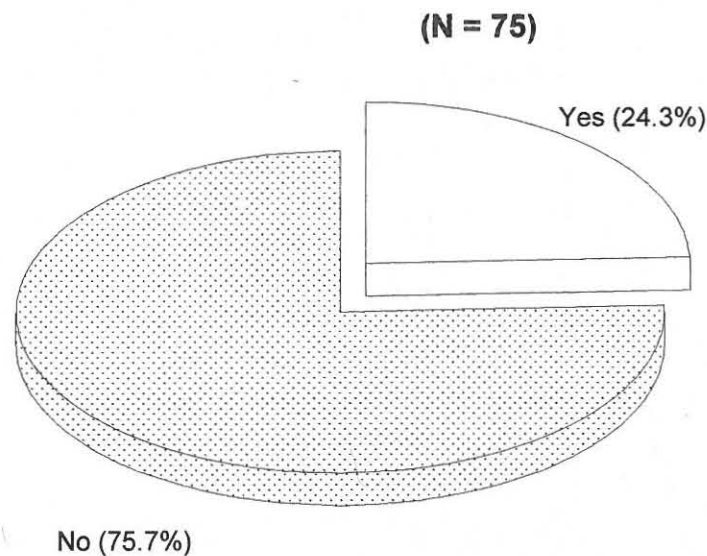
(N = 75)



Just over thirty-seven percent (37,3%) indicated that they have more than nine estate agents operating within their estate agency. An equal number of respondents (28,0%) have one to three estate agents and four to six agents operating within their estate agency. Only 6,7% of respondents have seven to nine estate agents. An increased number of estate agents working to sell the

property may assist in expediting the sale, as more estate agents are exposing the property to prospective buyers.

Figure 6.20: Part of a Franchise



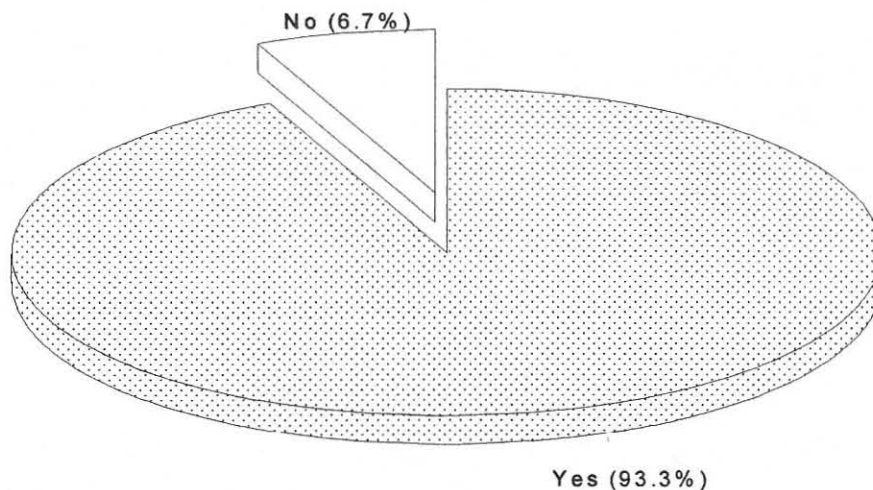
Part of a franchise

It is possible to see that 75,7% of respondent estate agencies are not part of a franchise. Therefore, we may say that within Bloemfontein the majority of estate agents are local estate agencies that are not part of a franchise. Estate agencies are therefore primarily local business. Franchise agencies may deliver a higher level of service as they have national resources and structures implemented that could expedite the sale of the property. Properties may be advertised nationally on the franchise website. Furthermore franchise agencies are also required to abide by the rules and regulations stipulated by the Franchise Holder, in order to ensure a high level of service delivery.

6.1.3.6 Relevance of the Code of Conduct

The Code of Conduct is meant to regulate activity, the quality of service delivered, as well as the ethical behaviour of estate agents.

**Figure 6.21: Relevance of the Code of Conduct
(N = 75)**



Relevance of the Code of Conduct

As may be seen a majority of respondents (93,3%) felt that the Code of Conduct is relevant to today's practice. However 6,7% of respondents indicated that they felt that the Estate Agency Affairs Board / Code of Conduct is irrelevant. The Code of conduct was designed to ensure ethical and fair competition between estate agents. The fact that estate agents regard it as relevant, indicates that there is no opposition to adhering to the Code of Conduct. Furthermore, the Code of Conduct is meant to ensure higher levels

of service quality. Its relevance indicates that estate agents recognise its use in ensuring client satisfaction.

Respondents cited certain reasons why they felt the Code of Conduct is irrelevant. These reasons are summarised in Table 6.6. Please note that respondents were able to provide more than one reason for their perception of non-relevance.

Only five respondents gave reasons for the irrelevance of the Code of Conduct. The reasons quoted related primarily to the lack of control or regulation of the industry by the Estate Agency Affairs Board. The second predominant complaint concerned the unreachability of the Estate Agency Affairs Board. Therefore it is apparent that the irrelevance of the Code relates to the ability of the Estate Agency Affairs Board to implement and regulate it efficiently. All of the above will enable unethical estate agents to continue delivering poor levels of service delivery. Such actions create negative service perceptions, as well as detrimentally affecting the image of the industry. Furthermore, a lack of control or regulation indicates a lack of enforcing the Code of Conduct.

6.2 NON-USERS

A cross tabulation was compiled in order to determine the characteristics of respondents who indicated that they did not use the services of an estate agent in the buying and selling of residential property.

* Sellers

Forty respondents indicated that they did not use the services of an estate agent when selling their property. Fifty percent of respondents not using an estate agent sold property priced between R251 000 and R500 000 and were primarily aged between 31 and 40 years. In this manner a demographic profile of the group least likely to use an estate agent was developed. This group indicates areas where estate agents need to focus. It is possible that these clients experienced previous bad service from estate agents. Furthermore both groups represent the groups with the highest response across all questions. These groups therefore represent a lost potential for estate agents. It could also indicate a negative perception of the industry by these groups.

* Buyers

Seventy-six respondents indicated that they had not utilised the services of an estate agent in the purchasing of their property. A demographic profile of buyers not using the services of an estate agent was developed in the same

manner as sellers. Fifty-one percent of respondents who bought property without the use of an estate agent bought property priced between R251 000 and R500 000. These respondents were also primarily aged between 31 and 40. These figures clearly indicate the emergence of problem areas for estate agents. These respondents also fall within the estate agents main target price and age categories. The industry should attempt to determine the reason for this development. An increase in these consumers not using estate agents' may detrimentally affect the profitability of the industry, as both groups indicate the estate agents' target price and age categories.

6.3 CROSS STATISTICAL ANALYSIS BETWEEN ESTATE AGENTS AND CLIENTS

In order to determine whether a significant difference exists between the responses of clients in relation to the responses of estate agents, it is necessary for certain statistical tests to be conducted.

6.3.1 Introduction

Analysis will be done in relation to specific variables. The variables from the clients' questionnaire (responses) were compared with those of the estate agents' questionnaire (responses). To determine whether a significant difference existed that was not due to chance, a T-test of significance was utilised to compare the two separate databases. The purpose of this analysis

was to determine whether estate agents and clients' perceptions coincided in terms of service delivery and ultimately satisfaction. For the purpose of this research, services specific to sellers were analysed separately from services specific to buyers.

Further statistical analysis was conducted in relation to the client database. Statistical tests were conducted between sellers and buyers' responses to certain questions. In order to analyse responses statistically between sellers and buyers, Chi-square analysis was utilised. A Chi-square analysis was conducted on service delivery and satisfaction of sellers and buyers. Specific variables were selected on which to conduct the analysis. It is important to note that these variables were chosen as they represented services that both the seller and the buyer could receive. Please note calculations were conducted at a 95% (0.05) confidence interval. The X^2 value was derived from a Statistical Chi-square table. The figure was determined by identifying the figure at a 0.05 confidence level with two degrees of freedom. Calculated values exceeding the X^2 value were accepted as being statistically different, while values below the X^2 value were rejected as not being statistically different.

T-test was used to conduct an analysis on the two separate databases, namely the clients' and the estate agents'. This type of statistical analysis is most suited for two separate databases. This method was utilised to determine whether estate agents' perceptions of their service delivery

matched that actually experienced by clients. As a result only variables that were present in both questionnaires (databases) were used in the analysis.

Again calculations were conducted at a 95% confidence interval. Calculations exceeding the T-value were rejected as they indicated a statistical difference between the responses. Values below the T-value were accepted on the basis of no statistical difference existing between the databases. The T-value was also calculated on the basis of two (2) degrees of freedom. The T-value was derived from a statistical T-distribution table. The appropriate figure was determined by identifying the value at 0.05 confidence level with two degrees of freedom.

The answers derived from the statistical calculations will be presented in one comprehensive table. In this manner it is possible to compare calculated values with the relevant value derived from the relevant statistical tables.

Table 6.23: Hypothesis testing by means of T-test: Clients and estate agents

Test	Variables	N (clients)	N (agents)	Degrees of freedom	T- test statistic	T-value	Conclusion
1.	Advertising in local media	332	75	2	1.6	2.920	No statistical difference. Accept the null hypothesis. Q6b and Q4b
2.	Exhibition days	332	75	2	9.083	2.920	Statistical difference. Reject the null hypothesis. Q6c and Q4c
3.	For Sale Boards	332	75	2	11.69	2.920	Statistical difference. Calculated value exceeds T-value. Q6e and Q4f
4.	Time discussing needs	332	75	2	9.35	2.920	Statistical difference. Reject null hypothesis. Q7a and Q5a
5.	Commission discussions	332	75	2	0.283	2.920	Calculated value is lower than the T-value. No statistical difference. Q7c and Q5c
6.	Marketing strategy	332	75	2	7.319	2.920	Statistical difference. Calculated value exceeds T-value. Q7b and Q5e
7.	Selling price negotiation	332	75	2	6.904	2.920	Statistical difference. Reject null hypothesis. Q7d and Q5j
8.	Explaining Deed of Sale to seller	332	75	2	8.235	2.920	Conclude with 95% confidence that there is a Statistical

							difference. QQ7e and Q5v
9.	Progress of offers to Purchase	332	75	2	6.737	2.920	Statistical difference. Calculated value exceeds T-value. Q17c and Q5r
10.	Explaining Deed of Sale to buyers	332	75	2	8.157	2.920	Statistical difference. Reject null hypothesis. Q17g and Q5v

When the test statistical value exceeds the T-value, the hypothesis was rejected (see page 288). 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 differ from those of estate agents. Therefore, clients' 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.

In test five we see that the calculated value falls below that of the T-value; we may therefore conclude that in relation to the discussion of commission there is no difference between what estate agents claim is delivered and what is experienced by clients. As a result it is possible to conclude that estate agents do deliver this service on a regular basis.

Within the next table we will evaluate the service perceptions of buyers and sellers in relation to each other. Please note that analysis for the following variables is conducted by means of Chi-square and not T-test.

Table 6.24: Hypothesis testing by means of Chi-square: Service perceptions of buyers and sellers

Test	Variable	N (sellers)	N (buyers)	Degrees of freedom	Chi-test statistic	X ² -value	Conclusion
1.	Discussion of needs	128	236	2	8.951	5.99	Statistical difference with 95% confidence. Q4a and Q16a
2.	Compiling a Deed of Sale	128	240	2	11.832	5.99	Calculated value exceeds X ² value. Q4e and Q16h
3.	Providing copies of Deed	128	239	2	18.386	5.99	Statistical difference exists. Q4f and Q16j
4.	Satisfaction with service	128	240	2	2.474	5.99	No statistical difference. Q4g and Q16l
5.	Maintenance of contact	127	240	2	23.575	5.99	Significant difference as calculated value exceeds X ² value. Q8 and Q16k
6.	Satisfaction with discussing needs	127	239	2	58.328	5.99	Reject null hypothesis. Statistical difference. Q7a and Q17a
7.	Satisfaction with price negotiations	127	240	2	48.515	5.99	Statistical difference exists. Q7d and Q17d
8.	Satisfaction with the explanation of the Deed	127	240	2	57.571	5.99	Calculated value exceeds X ² value. Statistical

							difference. Q7e and Q17g
9.	Kept informed of progress of transfer	127	240	2	76.351	5.99	Buyers and sellers differ statistically. Q7f and Q17h
10.	Quality of service received	127	239	2	31.939	5.99	Statistically different. Calculated value exceeds X^2 value. Q7g and Q17k
11.	Accommodate needs	127	239	2	50.037	5.99	Statistical difference. Calculated value greater than X^2 value. Q7h and Q17j

Values exceeding the X^2 value were accepted as being statistically significant.

Calculated figures below were accepted as not being statistically different (see page 288). It may be seen in tests one to three, as well as in tests five to eleven, that the calculated values exceed the tabular Chi-square values. Therefore it may be concluded with a 95% level of confidence that sellers' perceptions of service differ from those of the buyers. It is possible to conclude that this is as a result of estate agents delivering different levels of service to sellers than those delivered to buyers.

It may be possible that this is due to the fact that it is the seller who is the estate agent's client. However, buyers may regard estate agents and the industry negatively as a result and may elect not to use an estate agent when they sell. This will detrimentally affect the industry and future sales of the estate agents.

6.4 CONCLUSION

It is obvious that respondents were generally satisfied with the level of service that they received from the estate agents. However, certain areas exist in which clients were dissatisfied. The main areas of dissatisfaction concern the marketing strategy, comparative market analysis, and the informing clients about transfer costs. The following chapter will provide a comprehensive conclusion, as well as provide possible recommendations.

CONCLUSIONS AND RECOMMENDATIONS

7.1 INTRODUCTION

The empirical study yielded many numerical results. These results are now summarised into one coherent conclusion. On the basis of these conclusions recommendations were made.

7.2 SUMMARY OF LITERATURE STUDY

It was the aim of the study to determine the quality of service delivered within the estate agency industry in Bloemfontein. Related hereto was the suspected image of the industry.

To fully determine this, it was necessary to evaluate consumers' perceptions of the service delivered by estate agents, as well as the adherence to the prescribed Code of Conduct. Literary research was conducted in four main areas namely; services marketing, estate agency industry, service quality instruments and research methodology.

*** Services marketing**

Services marketing refers to the identifying and satisfying of consumer wants through utilisation of services. Services marketing was briefly analysed in

relation to its various distinguishing characteristics, interactions and quality of service. Within these areas it was possible to determine that services marketing forms an integral part of economic activity. Furthermore attention needs to be given to all aspects of service delivery, as they are interlinked. Inefficient delivery on one aspect of the service will affect consumer perceptions detrimentally. Relationship marketing as a continuation of service delivery was also identified.

✱ Estate agency industry

The industry in Bloemfontein was briefly discussed within the research proposal. Two types of regulatory bodies (official and voluntary) were identified and the differences between them were discussed. The services in the industry were divided into four broad categories relating to the main stages of the buying and selling process.

- ✱ Pre-buying and selling. In this section the main services delivered and engaged in prior to the actual marketing and selling of the property were analysed.
- ✱ Buying and selling. Services to be delivered by estate agents in order to ensure a high quality of service delivery were identified.
- ✱ Post sale. Upon the signing of the Deed of Sale the required services to be performed to ensure continuous quality service delivery were analysed.
- ✱ After sales service. Methods to maintain contact were identified.

* Service quality instruments

The instruments most commonly utilised within the industry, to ensure quality service delivery by all estate agents were identified. The Code of Conduct was identified as the main service quality instrument.

* Research methodology

There were two groups of respondents, namely clients and estate agents. It was identified that survey data collection methods were utilised within the study. Client respondents were reached through the use of mail and telephone interviews. A sample of 600 was selected from the client population of 3 000. Estate agents (total population) were surveyed through self-administered questionnaires personally delivered to the estate agencies.

The processing of the data through the use of SPSS was also identified and briefly discussed. An analysis was conducted between clients' and estate agents' responses in order to determine whether estate agents actually delivered the services they claimed.

7.2.1 Services marketing

Services marketing is the performance offered by one party to another in order to satisfy needs and wants. The real estate industry was identified as a

well-known service industry, in that estate agents facilitate clients in obtaining desired properties.

Special characteristics of services were identified. The fact that clients do not obtain ownership of the service, the intangibility of the service, inseparability, perishability and the heterogeneity of services were identified as being areas requiring consideration when delivering services. These characteristics distinguish services from products.

Due to the unique nature of services, the marketing mix is extended from the traditional mix to include three additional aspects namely, people, physical evidence and process. These elements cater for the above-mentioned characteristics. Certain techniques are used to classify services. The end-user, degree of tangibility, time and place of service delivery and the degree of customisation were identified as a few of the aspects used to form categories in order to narrow a broad spectrum of services.

The different types of interaction play a pivotal role in services marketing. During this time clients interact with service providers and determine their perceptions of service quality. Four types of interaction were identified namely, between service provider and client, client and agent, interaction between clients and interaction between the client and service facilities. These types of interaction are dependent upon the type of service being delivered.

Clients' expectations and perceptions determine the quality of service they experience. Client evaluation of services was analysed on the basis of a continuum of product attributes. It became apparent that as services are high in credence qualities they are often difficult to evaluate.

The Gaps Model was also utilised to identify the various gaps between clients' expectations and their perceptions. To rectify these gaps attention needs to be given to the improvement of customers' knowledge, implementation of services that meet clients' expectation, as well as delivery according to required service standards or promises.

There are four levels of client expectation. Desired service refers to the level of service clients would like delivered. Adequate service is the minimum level that clients will accept without experiencing dissatisfaction. Predicted service refers to the service clients actually expect to receive. The Zone of Tolerance is the range in which clients are willing to accept variations in service delivery.

The five dimensional SERVQUAL Model was recognised as a means by which clients evaluate service quality. Reliability, responsiveness, assurance, empathy and tangibles were also identified as areas which clients use in order to evaluate service delivery.

Perceptions of service quality often determine client satisfaction. The service encounter, evidence of service quality, image and price, are the main aspects that form the basis of a client's service perceptions. Service providers have

numerous strategies available by which to influence client perceptions. Client satisfaction, recovery plans, system adjustments, training and quality dimensions, are strategies utilised by service providers to favourably influence clients' service perceptions.

7.2.2 Estate agency industry

Estate agents exert the single largest influence during the process of buying or selling property and may ultimately determine whether the property is sold or not.

The industry is regulated by one official body namely the estate Agency Affairs Board. Its aim is to promote and maintain the integrity of estate agents, as well as to protect the public.

A few voluntary bodies exist whereby to regulate the industry. Two main bodies exist namely the Institute of Estate Agents and Multiple Listing Service. These bodies attempt to ensure ethical and professional behaviour by members. Membership is voluntary. They work in co-operation with the Estate Agency Affairs Board. The Estate Agency Affairs Board (EAAB) compiled a list of standard services. Accordingly compliance and application of these services lead to professional service delivery. The basis of these services is honesty and understanding of the client.

The standard services by the industry are divided into four main stages of the selling process.

* Pre-buying and selling.

Services delivered by estate agents before the actual buying and selling of the property were identified and discussed. The introduction of buyers and sellers to the estate agent forms the starting point of the process. In relation to sellers; the seller's requirements, commission payable, viewing times and related aspects will be discussed. Similar questions will be posed to the buyer with attention being paid to the financial ability of the buyer to purchase property.

During this stage the estate agent will begin to value the property, primarily through Comparative Market Analysis (CMA) and thereby set a realistic and achievable selling price for the property.

Mandate and commission discussions will also occur during this stage. The estate agent will explain the difference between the granting of an open mandate or a sole mandate to the client. An open mandate refers to the client allowing all agencies to try and sell the property. Sole mandates refer to a mandate (instruction) being granted to only one estate agent / agency to try and sell the property within a specified time. A type of mandate will then be selected. Mandates should be in writing. Commission also needs to be discussed in order to ensure that clients are aware of the fee payable to the

estate agent upon registration of the transfer. The amount of commission and when it is payable, should be recorded in writing.

A marketing strategy will be developed for the advertising of the property. This strategy is to be discussed with the client. Client consent for the placing of 'For Sale' boards for instance should be obtained from clients. The number of events to exhibit the property as well as acceptable viewing hours for the client must be decided upon.

* Buying and selling

While the buyer has no written contact with the estate agents, they have an ethical obligation to the buyer. Services to buyers include selection of suitable property, assisting with the compiling of Offers and Deeds of Sale, to name a few.

Estate agents also have ethical and legal obligations towards prospective purchases. These obligations include aspects like the disclosure of all facts, not prejudicing the interest of prospective purchasers and acting with care and skill. These will ensure that buyers also receive a quality level of service.

Once the mandate has been granted the property will be listed. Estate agents will place photographs of the property in local media and on websites. Interested parties will then approach the estate agent to view the property. Once the buyer has expressed a desire for the property the estate agent will

assist in the compiling of several forms of documentation. Firstly an Offer to Purchase will be compiled, hereby the buyer makes a formal offer to buy the property. The seller may either accept or reject the offer. Upon acceptance a formal Deed of Sale is compiled, this constitutes the formal agreement of Sale and includes information such as names, purchase price, description of the property and related items.

* Post sale

Once the Deed of Sale is completed the estate agent will assist the buyer in obtaining the necessary finance to purchase the property. The estate agent may refer the buyer either directly to the various banks or indirectly through a mortgage originator.

Financial institutions instruct their valuers to inspect the property and assign a value thereto. This amount forms the basis of the determination of the ability of the buyer to buy the property. Certain costs are aligned with the submitting of this application, referred to as inspection fees. Estate agents may not influence buyers in any way as to the bank selected.

Assistance will also be provided to buyers and sellers in the transfer of ownership. Estate agents may refer clients to any of the conveyancers, but may not influence the selection of the conveyancer.

Conveyancers will check the validity of the Contract of Sale, explain the conveyancing procedure to both parties, as well as register the property on the buyer's name. Certain transfer costs are associated with the transfer and are prescribed by law. Estate agents are required to inform clients of these costs. Furthermore estate agents inform clients of the necessary documentation required and, ensure that they are submitted timeously to the conveyancer, in order to reduce the length of the transfer process.

* After sales service

Presentation of a small gift to the purchaser on the date of occupation, as well as the remembering of birthdays is considered after-sales service. A comparison was conducted in terms of the use of estate agents as opposed to selling privately. The main difference lies in that estate agents offer expertise and facilitate the buying and selling processes and reduces the inconvenience for the parties involved. However when selling privately no commission is payable.

7.2.3 Service quality instruments

Certain instruments utilised ensure service quality within the industry. Services rendered are required to be of a high standard of quality, in order to achieve customer satisfaction.

Service quality instruments vary from industry to industry. In the real estate industry these instruments encompass guidelines created by the EAAB, as well as disciplinary procedures for violations of these guidelines. Continuous revisions occur to these instruments, to ensure that clients receive the best possible service delivery.

The Code of Conduct aims to regulate the actions of the estate agents. It encourages the industry to take pro-active steps to ensure that dealings with clients are conducted in a moral and ethical manner. In the Code of Conduct service areas are assigned clauses whereby they are discussed. The first clause relates to the duty to protect the public's interest. Herein attention is given to the integrity of estate agents' actions, failure to perform duties, compliance with the law and discrimination of clients. Hereby estate agents are clearly informed of the required treatment of clients.

The second clause concerns mandates. Herein the direct relationship between the estate agent and client is regulated. Guidelines are established to ensure ethical behaviour in this regard. Estate agents may not sell property unless a mandate has been received. Conditions for the acceptance of a mandate have also been established by the EAAB to ensure quality service delivery with regard to this service. Duty to disclose all relevant facts to buyers and sellers is also an imperative aspect of service delivery by estate agents.

The marketing of the property is also regulated by the Code of Conduct. Estate agents are not permitted to falsely advertise any aspect of the property. Neither are they allowed to claim specialised knowledge or expertise.

Compilation and explanation of offers constitute an important service delivered by estate agents. Superior and expedient facilitation of this service enhances the process. Estate agents must adhere to all relevant contract law. Attention must be given to the compiling and filling in of contracts, as well as alterations.

Presentation and explanation of Offers and contracts need to be conducted in a professional manner by the estate agent. Furthermore, the notification of the progress of the Offer is essential. Timeous notification is an essential component of service quality. Furnishment of copies of contracts to both parties is imperative in the assessment of service quality and is a mandatory service.

Estate agents are required to discuss commission payable with clients prior to the completion of the transaction. Commission is payable regardless of the level of service delivered. However if a sale does not arise, the estate agent is not entitled to commission. Failure to do so indicates non-performance of the required service. No prescribed tariff for the commission exists, and estate agents are permitted to advertise their commission rates.

It is imperative that estate agents are honest and professional when delivering the service of administering trust money (deposits). Clients are easily able to monitor and determine service quality once funds have been transferred to the estate agent. Honesty and integrity will form the basis of high service quality levels. Estate agents are also not permitted to divulge any confidential information.

The Code of conduct is currently under revision in order to make provision for buyer agencies, as well as anti-discrimination laws. The Estate Agents Fidelity Fund is meant to re-imburse members of the public who have suffered losses due to dealing with estate agents. Buyers and sellers are therefore protected against potential losses. It is the duty of the estate agent to explain the extent of the protection, and to follow the procedure in the event of a claim. Fidelity Fund Certificates are issued to estate agents once all requirements have been met. It is possible for estate agents to be disqualified from being issued with a Fidelity Fund Certificate. Estate agents who do not have a certificate may not practise.

Estate agents, who have delivered poor service and violated the Code of Conduct, are disciplined accordingly. Clients are required to report all experience of poor service to the EAAB. Service quality levels will be improved accordingly. Formal disciplinary procedures will be instituted against the estate agent, often in the form of a hearing. Penalties for poor service are constituted primarily of fines. In relation to the American real

estate industry South Africa has considerably fewer penalties for improper conduct and thus has room for improvement.

7.2.4 Research methodology

The methodology used to collect, analyse and interpret data relating to the quality of service delivery was discussed. In this study exploratory and descriptive research were utilised to determine whether the service delivery was of a high or low standard and whether estate agents and clients agreed upon the level of service quality.

Primarily quantitative research was used within the study through the use of close-ended questions. Data collection was conducted through survey research. Mail and telephone surveys were the selected methods for the study. The reasons for the selection of these methods relate mainly to time and expense considerations.

The questionnaire was designed utilising attitude scales. Five point Likert Scales were utilised where responses ranged from favourable to unfavourable and assigned numerical values. Total scores were calculated to determine the respondent's attitude towards the object.

Questions were positioned in such a manner that it created a logical flow pattern. Screening questions were utilised within the client's questionnaire to ensure that only qualified respondents completed the questionnaire.

Dichotomous questions and multiple-choice questions were utilised. One open-ended question was utilised where clients / agents could voice their opinion.

All 128 registered practising estate agents in Bloemfontein were surveyed. Therefore a census was conducted of the registered estate agents. Questionnaires were personally delivered and collected. If principals did not reply they were contacted and reminded. Finally a total of 75 responses were achieved.

In relation to clients all residential properties bought or sold in the last two years (2002 and 2003) were analysed. The Deeds Office was contacted in this regard. The sample was selected by using a skip interval of 5. These title deeds were then translated into physical address and telephone numbers. Questionnaires were initially sent out to all 600 selected respondents. Respondents who did not return the questionnaire were then contacted telephonically and asked the same questions. The final response number was 332. It is important to note that clients could either complete one or both sections of the questionnaire, dependent on the situation. However the 332 respondents completed separate questionnaires, and the figure is not based on double counting.

To ensure reliability the Test-Retest method was utilised, where the questionnaire was administered twice. The second round of testing was conducted through the pilot study. Validity was tested through the use of

content validity. Expert opinion from industry experts was obtained in order to ensure that the questionnaire items represented the population under study.

Data processing was conducted through the use of cross tabulation and one-way frequency tables. Hypothesis testing was conducted through the utilisation of Chi-square and T-test statistics. In this study provision was made for the probability of a Type I error. A significance level of 5 % was selected, with two degrees of freedom.

Failure to reject the Null Hypothesis was utilised when there was insufficient evidence to reject the Null Hypothesis and conclude that the alternate hypothesis was correct.

7.3 SUMMARY OF THE RESULTS OF THE EMPIRICAL STUDY

The results obtained from the empirical study will be discussed in separate sections relating to sellers, buyers, estate agents and the results obtained from the cross tabulations.

7.3.1 Sellers

Houses were the predominant type of property sold by respondents. A majority of respondents indicated that they used the services of an estate agent. However, a significant percentage of respondents elected not to utilise

the services of an estate agent. If this is linked with those currently experiencing dissatisfaction with services this could pose a problem for estate agents. Respondents that are dissatisfied may elect to sell privately in future, thereby reducing the future use of estate agents, especially if respondents indicate satisfaction with private sales.

All essential services, as denoted in the Code of Conduct, are delivered by estate agents. It is important to note that a majority of respondents were satisfied with the service delivered by the estate agent. In situations where the selling price did not match the final selling price, the final price was lower than the suggested price. This will lead to negative service perceptions by clients. Primarily, local media advertisements and 'For Sale' boards were indicated by respondents as methods utilised by estate agents to advertise properties.

Respondents were required to evaluate their degree of satisfaction with the services delivered. A general level of satisfaction was displayed across all categories of services. Areas in which respondents displayed the highest levels of dissatisfaction were the areas of marketing strategy and the notification of transfer costs. Furthermore, research indicates that contact is not maintained between estate agents and clients, once the sale and transfer have been concluded.

7.3.2 Buyers

The predominant types of property bought were houses. Buyers in their majority utilised the services of an estate agent. Purchase prices of properties fell between R251 000 and R500 000 and respondents were primarily aged between 31 and 40 years of age.

All essential services were delivered by estate agents. In the area of maintaining contact, a higher percentage of respondents indicated that estate agents had not maintained contact with them. Once the service delivered had been identified respondents were asked to rate their satisfaction with the service delivered.

Research indicated that again there was a general level of satisfaction with all services. Most notably a significant percentage of respondents indicated that they were very satisfied with the service received from the estate agents. Respondents appeared most dissatisfied with the extent to which estate agents informed them of the progress of the transfer, as well as the removal of sold boards. Respondents were also particularly satisfied with the manner in which the Deed of Sale was explained.

7.3.3 Estate agents

Estate agencies indicated that their estate agents are trained. Training is given in primarily the Code of Conduct, professionalism and in marketing methods. Notably valuation methods and legislation are areas in which respondents are least frequently trained.

Furthermore, respondents indicated that they train less frequently in valuation methods, however the Comparative Market Analysis is the method predominantly utilised to determine properties selling prices.

With exception of a few areas, respondents indicated that they always deliver the majority of the services. Upon questioning, respondents indicated that bond originators or loans consultants primarily conducted the pre-qualifying of buyers.

It is important to note that a low percentage of respondents indicated that they always maintain contact with clients after registration or sale. Interestingly the reduction of commission yielded the highest percentage of respondents who are not prepared to reduce their commission.

In the Bloemfontein region the majority of respondents have been operating for a period exceeding two years, while a significant percentage of respondents operated for between one to two years prior to the survey.

Sold boards are removed from between 31 to 60 days. The majority of estate agencies have more than nine estate agents within the agency. However, equal percentages of respondents employed between one to three and four to six estate agents within the agency.

Average monthly residential sales of estate agents are recorded as being less than five per month. However, a significant percentage indicated that their monthly sales average between six to eleven.

The majority of respondents were not part of a franchise, while an overwhelming majority felt that the Code of Conduct was relevant. A minority of respondents felt that the Estate Agency Affairs Board was the main reason for the irrelevance of the Code of Conduct.

7.3.4 Cross tabulations

The following is a brief conclusion of important information identified in the cross tabulations.

7.3.4.1 Sellers

Research shows that in relation to service delivery the incidence of service delivery slightly increases as the selling price increases. In other words there is an increase in the percentage of respondents indicating that a service was delivered, as the selling price increases. Directly linked to this is service

satisfaction. As the selling price increases so does the level of satisfaction. Therefore the more services delivered the more satisfied consumers become. Clients indicate low levels of satisfaction with services that were not delivered extensively by estate agents; therefore service delivery is directly linked to service satisfaction. Respondents in the higher price categories indicated higher percentages of satisfaction with the services delivered by the estate agents. In terms of transfer costs and marketing strategies, respondents across all categories showed higher percentages of dissatisfaction relative to the other services.

Respondents in the higher price categories yielded higher percentages of respondents who indicated that estate agents maintained contact after the sale of the property. In relation to the extent to which certain aspects are discussed, respondents in the highest price category received more detailed discussions than respondents in lower price categories.

Respondents in the over 50, and 21 to 30 age groups, were less satisfied with the service that they received. Furthermore it is these groups that indicated the lowest levels of service delivery than in relation to other categories.

The respondents in the over 50 age group were generally less satisfied with the extent to which certain aspects were discussed. Respondents in the 31 to 40 bracket were routinely more satisfied with the discussions with estate agents. Respondents differed in the percentages of those who received detailed explanations of the implications of the mandate.

7.3.4.2 *Buyers*

A majority of respondents indicated that all essential services were delivered. Respondents in the R250 000 to R500 000 category were most satisfied with the service they received. In terms of the pre-qualifying of buyers or the determination of the buying amount, research showed higher tendencies of respondents not receiving these specific services.

Sellers in the less than R250 000 category received more services than in relation to buyers in the same price category. It is in the areas of requirement discussion and escorting through the property, that higher levels of satisfaction are evident across all categories.

Respondents in the over R500 000 category yielded slightly lower levels of service delivery and satisfaction than in relation to the other price categories. Legal or complex services (compiling Offers or contracts of sale) are delivered to a lesser degree to respondents in the over R501 000 categories. These respondents may prefer more alternate professionals to deliver these services. Furthermore, a significant percentage of respondents were dissatisfied with the extent to which they were kept informed of the progress of the transfer.

Respondents aged over 50 indicated lower levels of service delivery by estate agents than in relation to other age categories. Furthermore, these respondents were also less satisfied with the service delivered by estate

agents than respondents in the other age groups. It is possible to conclude that estate agents deliver a slightly lower level of service to buyers aged over 50, accordingly these respondents experience lower levels of satisfaction. Lower levels of satisfaction may lead to poor service impressions. Across the majority of services these respondents indicated that less services were received. Buyers in the over 50 age group received less services and were less satisfied, while buyers aged between 31 and 40 received more services and were more satisfied. Notably respondents in the 31 to 40 age group were most satisfied with the service they received from the estate agents. Respondents in the over 50 category were not satisfied with the quality of service that they received.

7.3.4.3 *Estate agents*

Agencies operating for less than one year do not train their estate agents as extensively. This group also do not train their estate agents in valuation methods. Estate agencies operating for between one to two years train their estate agents most consistently in all fields. Younger estate agencies appear to encourage frequent rather than regular training sessions. It is interesting to note that it is in the area of legislation that training has become lax, a tendency towards the frequent rather than continuous training methods.

A majority of estate agencies always utilise a Comparative Market Analysis when determining selling price, while respondents in all operating lengths

indicated frequent use of the estate agents' own judgement when determining selling price.

There appears to be a tendency towards using only one or two methods to advertise the property. Exhibition days and website advertising were identified as two methods not as frequently utilised to advertise property as other methods.

Most respondents maintained that they always deliver all services to clients. Services included within the study constitute compulsory services to be performed by estate agents. Therefore less than 100% service delivery by estate agents constitutes low service delivery. However, investigation of the services of arranging finance, maintenance of contact and pre-qualification of buyers, for instance, indicated that less than 80% of estate agents delivered them. These areas are therefore examples of low levels of service delivery by estate agents. Research indicated that respondents operating for more than two years deliver services more consistently than respondents operating for less than two years.

7.4 RECOMMENDATIONS

While clients generally indicate satisfaction with the service delivered, as with any industry there are areas that may be improved.

An increase in service delivery and quality across all age categories and price levels may reduce levels of dissatisfaction. Thus reducing the number of clients not making use of the services of an estate agent. Estate agents / agencies may implement the following actions to improve service delivery:

7.4.1 Institution of a market research system

It is important to emphasise that research be conducted on a regular basis in order to derive benefit therefrom

- * 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..
- * Research should be conducted to determine the reasons for the dissatisfaction experienced by respondents in the over 50 age group of buyers.

7.4.2 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

7.4.3 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.

7.4.4 Comprehensive marketing plan

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 plan (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 plan (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.

7.4.5 Discussion of transfer costs

Respondents were the least satisfied with the estate agent informing them about the transfer costs. It is therefore necessary for estate agents to pay attention to the delivery of this service. A standardised breakdown of transfer costs should be developed. Estate agents should then explain in detail all relevant costs with clients. Clients may be provided with a copy in order to enhance comprehension.

7.4.6 Contact and follow-up system

A recommendation is that estate agents develop a system of maintaining contact with clients after sale. This will help generate relationship marketing and long-term relationships with clients. Repeat purchases will be generated in this manner and estate agents will be able to generate databases of future clients.

- * Estate agents should use E-mails and cards / notes as a means of maintaining contact with clients.
- * A computerised database of all clients could be developed to assist in this regard. It would also be beneficial if the names of all clients making enquiries are included within the database.
- * All services that clearly identify clients' responsibilities and ensure effective cause are routinely delivered by estate agents. Estate agents should also clearly spell out their obligations to clients, as it will enhance perceptions of service delivery and increase professionalism within the industry.

7.4.7 Increased training of estate agents

Estate agents 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

7.4.8 Flexibility

It may be necessary for estate agents to adopt a more flexible approach with regard to the reduction of commission to ensure a transaction. Slight reductions may assist in the concluding of sale; it also improves clients' perceptions of quality.

7.4.9 Estate Agency Affairs Board

Research has also indicated that the Estate Agency Affairs Board does not regulate the industry to the satisfaction of estate agents. Therefore the Board and estate agents together should re-examine industry standards and co-operate to ensure a better regulation of the industry. The Board should also become more 'user' friendly.

7.4.10 Improved service delivery

It is suggested that estate agents review service delivery across all price 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 selling / buying price 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 general level of satisfaction experienced by clients makes it possible for a model of the ideal service delivery process to be established for both sellers and buyers.

7.5 SELLERS MODEL

This model will help identify a standardised method by which to deliver 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 with prospective client
- * The first action is to set the tone of the interview. This is the most important as it determines the basis for future actions. It is essential that

the initial interview be conducted at a time convenient to both the estate agent and client.

- * The second action is the discussion of the clients selling requirements. Requirements must be discussed in detail and relate to the time frame, price and other issues. The estate agent must clarify that he has understood the client's requirements. To assist the estate agent in this regard a standardised form may be developed in which the estate agent may write the clients' requirements.

- * The third action involves discussing the granting of a mandate. It is advisable that estate agents clearly state whether they are on MLS or not at this point. The relevant advantages of listing on MLS may be discussed if applicable. Estate agents should explain the difference between open and sole mandates, as well as the relevant benefits of each. Once clients have the necessary information, they should be allowed to choose a mandate option, without undue pressure. It is advisable that the estate agents have a mandate agreement (open and sole) with them, so as to let the client sign immediately, once the decision has been made.

- * The fourth action is the pricing of the property. It is advisable that estate agents have a printout of the selling prices of properties within the relevant suburb, with which to conduct a Comparative Market Analysis (CMA). It is preferable that estate agents utilise a CMA in order to determine the selling price, rather than rely on their judgement. Clients will experience

higher perceptions of service quality if a professional CMA is conducted. Tips to make the property more marketable and to achieve a higher selling price may also be recommended at this stage. A written copy of the CMA may be provided and discussed with the client. A standardised CMA form may be utilised to assist an estate agent in this regard.

- * Fifth action involves the discussing of the marketing strategy to be employed prior to the discussion of the commission payable. The standardised form may be utilised in this regard. Estate agents must state clearly and specifically the marketing strategy that they will use. This includes information relating to exhibition days, advertisements in the local media, advertising on the estate agency website and viewing times. Estate agents should emphasise that the cost of advertising is borne by the estate agent and not the client. A written copy of this strategy should be signed and provided to the client as soon as possible. Estate agents should also obtain the client's permission to place 'For sale' boards.

- * The sixth action is the discussion of the commission payable, with clients. Estate agents must clearly state when the commission becomes payable as well as the percentage of commission payable. The manner in which this commission is calculated must also be indicated to clients. It is preferable that a written document be provided to clients in which the percentage commission payable, and when it is payable, are clearly indicated. Both the client and the estate agent should sign it and have a copy.

* Seventh action is the determining of the dates when the marketing of the property will begin. Estate agents must also determine whether clients would be prepared to accept lower offers. After completion, marketing of the property may commence.

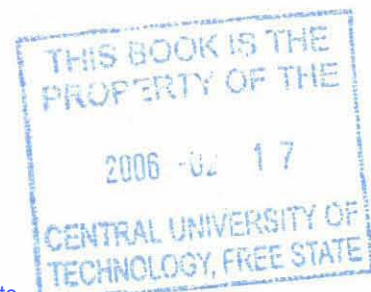
* Step 2: Marketing the property

The estate agent will now implement the approved marketing strategy within the specified time frame. Any deviations from the strategy must be discussed with clients and signed by both parties.

* Firstly estate agents must maintain contact regularly with clients (weekly) during this period. Clients must be informed of the interest in the property, as well as being involved in the arranging of viewing times and exhibition days.

* Secondly estate agents are required to provide feedback to sellers on any viable comments made by prospective purchasers once the property has been viewed.

* Thirdly estate agents should also provide clients with a list of the names of all prospective purchasers (especially after exhibition days). Estate agents should have a copy of this list. In this way it prevents prospective buyers from trying to embark on a private sale.



* Step 3: Offers to Purchase

Once a prospective buyer has expressed interest in the property, he/she is assisted in compiling an offer to purchase by estate agents.

- * The first action within this step is to submit all offers to the seller, unless the seller has specified certain boundaries. The estate agent should explain the conditions within each individual offer to the client. The degree to which the offer corresponds with the client's requirements must be emphasised.
- * The second action is to relay timeously any counter offers / conditions suggested by the seller to the prospective purchasers. Estate agents must actively participate in negotiations to ensure a transaction.
- * The third action is to arrange a meeting between the buyer and seller. Once the offer to purchase has been accepted, the estate agent should arrange a meeting in which both the buyer and seller are present, in order to discuss transfer costs. The costs must be clearly explained to clients. It is advisable for estate agents to provide a breakdown of these costs, in writing, to clients.

It is important that this step be conducted, as research shows that both buyers and sellers are currently dissatisfied with the extent to which this service is provided.

✳ Step 4: Deed of Sale

- ✳ Firstly, the estate agent will compile the Deed of Sale on behalf of the buyer and seller. The estate agent must ensure that clients complete all relevant sections and that no clauses are left blank.
- ✳ Secondly, prior to allowing the clients to sign, the estate agent must verify the purchase price, commission payable and transfer costs, as well as any special conditions, with sellers.
- ✳ Thirdly, it is necessary for the estate agent to provide a detailed explanation of the conditions within the Deed of Sale to clients prior to the signing of the agreement, in order to ensure all parties are familiar with the conditions.
- ✳ Fourthly, once these have been confirmed the parties must sign the Deed of Sale. All parties must initial all changes. It is also essential that all parties be provided with copies of the Deed of Sale.

✳ Step 5: Registration

Once the Deed of Sale has been submitted to the conveyancer, the estate agent should constantly liaise with the attorney to determine the progress of the transfer, as well as to solve any problems that may arise.

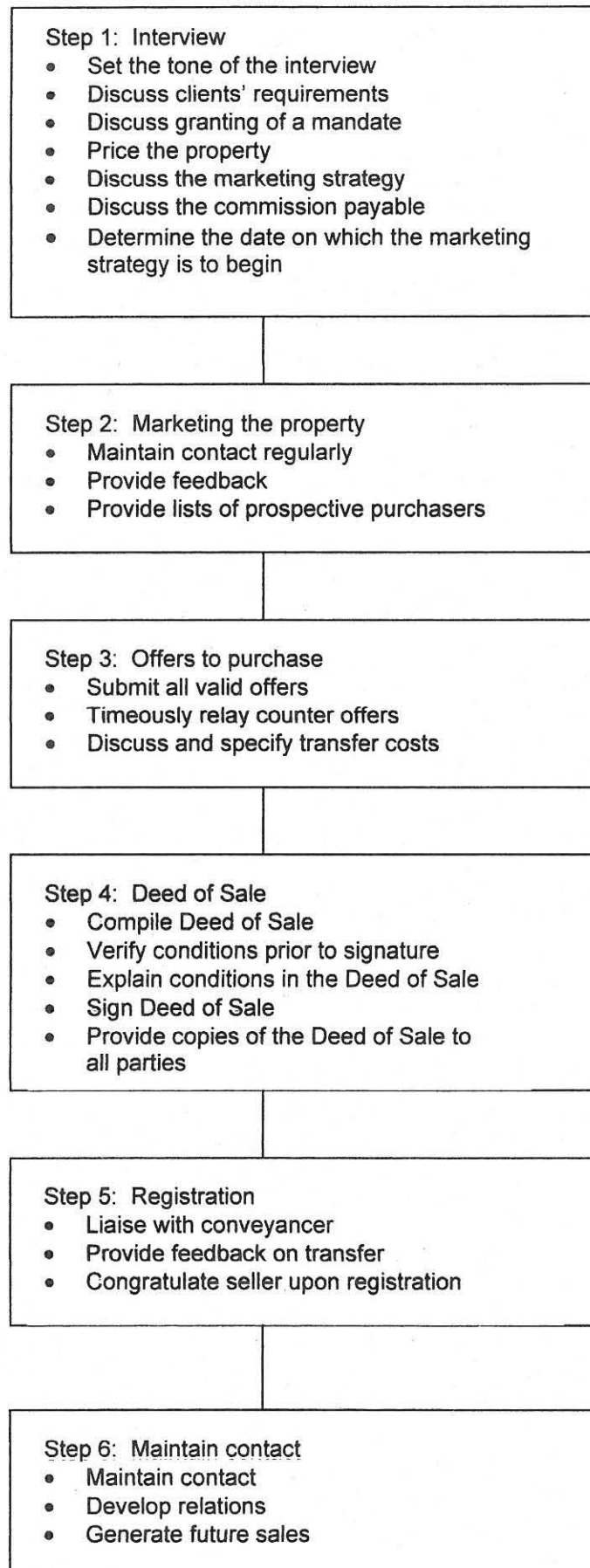
It is essential that the estate agent should provide weekly feedback to clients about the progress of the transfer and possible date of registration. Once the property has been registered the estate agent should congratulate the seller in some manner. Estate agents should remove sold boards within 30 days of registration.

* Step 6: Maintain contact

After the registration of the property the estate agent should maintain contact and develop relationships with clients, in order to generate future sales.

The above model is shown graphically in Figure 6.22. This model is specific to services offered to the estate agents' main client namely the seller. The use of this model may help assist estate agents in ensuring that all necessary services are delivered, thereby assisting them to deliver higher levels of service quality.

Figure 7.1: Sellers Model



7.6 BUYERS MODEL

In relation to buyers similar steps will be followed with slight adjustments.

* Step1: Interview

* The first action is the discussion of the buyer's needs in terms of size, location, price range, time frame and related issues.

* The second step is for the estate agent to determine at this stage whether the buyer has been pre-qualified in terms of the amount he/she can buy for. If the buyer has been qualified the estate agent may proceed. Should the buyer not be qualified the estate agent may pre-qualify the buyers themselves, or arrange for a bond originator or bank loans consultant to do so.

* Step 2: View properties

* Firstly, once the amount the purchaser can buy for has been determined, the estate agent may arrange for the buyer to view properties. It is advisable for estate agents to personally escort buyers through prospective properties.

- * Secondly, estate agents must inform buyers of any possible defects. Should the seller be prepared to give any undertaking in relation to renovations, the buyer should be informed thereof.

- * Thirdly, buyers must also be informed at this point, that once they have viewed the property with the estate agent, they may not buy that same property through another estate agent.

- * Fourthly, buyers must be informed that they are not permitted to attempt to conclude a private transaction with the seller.

- * Step 3: Offers to Purchase

- * Firstly, once the buyer has selected a property, the estate agent will assist him / her in compiling an offer to purchase. All conditions within the offer must be verified and discussed with the buyer prior to signing the Offer to Purchase.

- * Secondly, the estate agent will submit the offer to the seller on behalf of the buyer. Again the estate agent must negotiate with both the buyer and seller in order to ensure a transaction.

- * Thirdly, it is important that the estate agent should notify the buyer of the outcome of the Offer to Purchase as soon as the estate agent is aware of it. Once the offer has been accepted the estate agent may assist the

buyer in completing the loan application and referring the buyer to a bond originator, or the loans consultants of the various banks.

- * Fourthly, estate agents should also ensure that they explain transfer costs to buyers in detail. The situation explained in relation to sellers is applicable to buyers as well.
- * Fifthly, buyers should also be kept informed on a weekly basis, by the estate agent, of the progress of the loan application.
- * Step 4: Deed of Sale
- * The first action that estate agents should perform is to explain in detail all conditions in the Deed of Sale to buyers. All information relating to purchase price, transfer costs and related issues, should be verified prior to signature.
- * The second action is that the estate agents provide copies of the Deed of Sale to the buyers. Therefore the situation applicable to sellers is applicable to buyers.

✳ **Step 5: Registration**

- ✳ Firstly, once the Deed of Sale has been submitted the estate agent should liaise with the conveyancers to determine the progress of the transfer and to solve any problems that may arise.

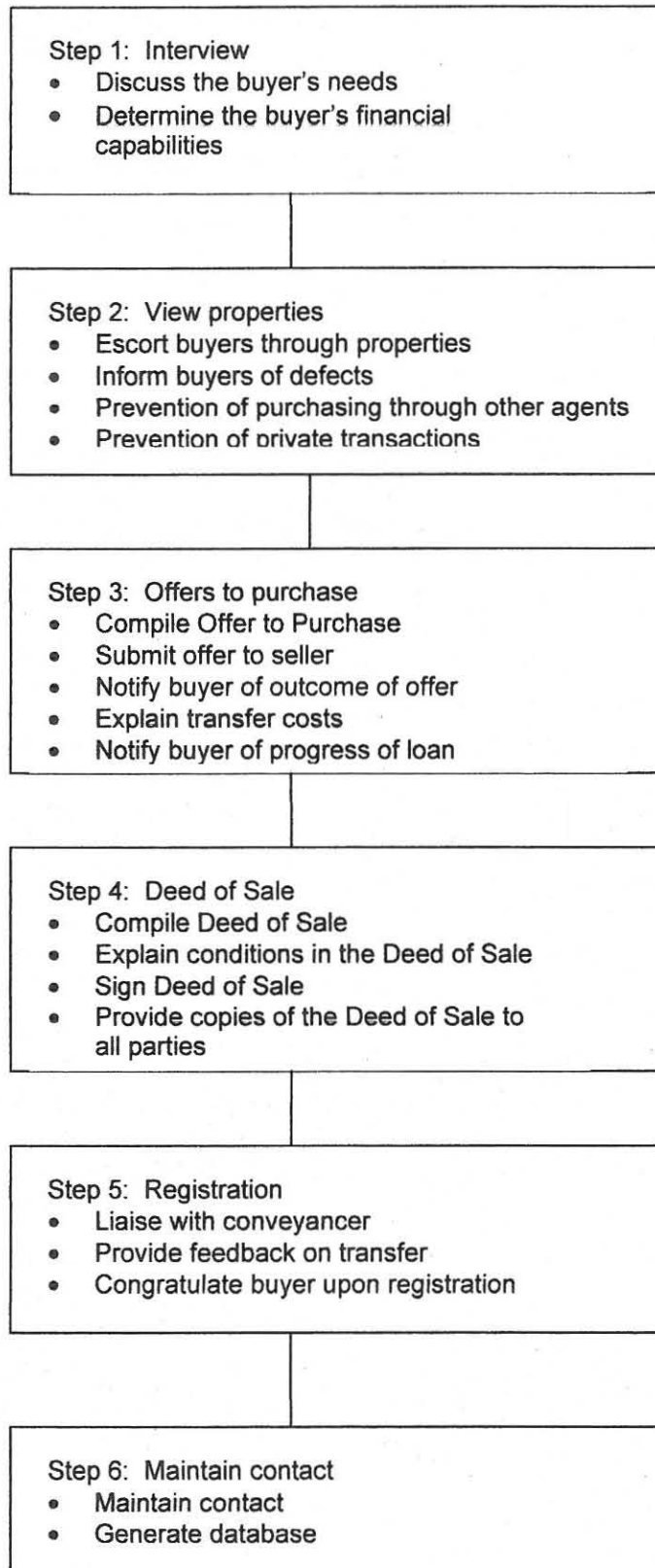
- ✳ Secondly, the estate agent must provide feedback to the buyer of the progress of the transfer.

- ✳ Thirdly, upon registration the estate agent should congratulate the buyer with a gift of some type. The removal of the sold board must be arranged within 30 days of registration.

✳ **Step 6: Maintain contact**

After the registration of the property the estate agent must maintain contact with buyers on a regular basis. In this way estate agents will generate a database of clients for future sales.

Figure 7.2: Buyers Model



7.7 STEPS IN THE COMPARATIVE MARKET ANALYSIS

A standardised procedure for conducting a CMA may encourage its use within the industry. It is advised that this process be conducted during the initial interview with the client.

* Step 1: Evaluate the property

Estate agents will evaluate the subject property in terms of the size of the erf and house, the number of bedrooms, location and related items.

* Step 2: Comparable properties

* Firstly, the estate agent should identify and investigate properties recently sold, or placed on the market for sale in the same area or a similar area.

Properties remaining unsold should also be considered.

* Secondly, the estate agent will then analyse the properties sold, or for sale, in relation to the number of bedrooms, size of erf / house, in relation to the subject property.

* Thirdly, it is suggested that at least three properties be selected for comparison. Furthermore, these properties should have been sold under similar market and financial conditions as the subject property.

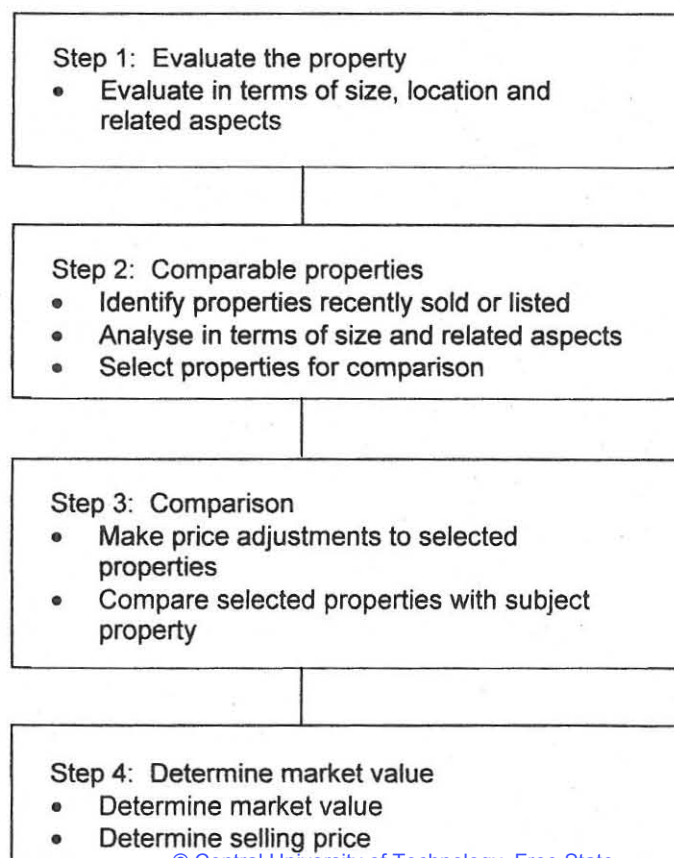
✱ Step 3: Comparison

- ✱ The first action to ensure a valid comparison is that certain price adjustments (according to size) may be necessary, in order to compensate for inevitable differences in the comparable properties and the subject property. In this way the estate agent may determine the market value by considering the property to which the subject property corresponds most. The second action is the comparing of the subject property to the selected comparable property.

✱ Step 4: Determine the market value

It is now possible to assign the property its relevant market value and selling price.

Figure 7.3: Comparative Market Analysis Model



7.8 SUGGESTED MARKETING STRATEGY FORM

The following form will assist estate agents in compiling a marketing strategy.

<i>SERVICE</i>		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.	_____	

7.9 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 erf		
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		
1.3.2	Business rights	Yes	No
1.3.3	Other considerations		

2. COMPARABLE PROPERTIES

2.1 *Physical characteristics*

2.1.1	Size of erf		
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		

- 2.1.6 Number of bedrooms _____
- 2.1.7 Number of bathrooms _____
- 2.1.8 Number of garages _____
- 2.1.9 Kitchen details _____
- 2.1.10 TV / sitting room / study _____
- 2.1.11 Other distinguishing features _____

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* _____

7.10 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	<input type="text"/>	
3.	Minimum acceptable offer amount	<input type="text"/>	
4.	Sale urgent?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
5.	Has a transferring attorney?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
6.	Name of attorney (if yes)	<input type="text"/>	

BUYERS			
1.	Pre-qualified?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
2.	Pre-qualification amount	<input type="text"/>	
3.	Deposit?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
4.	Deposit amount	<input type="text"/>	
5.	Costs to be included?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
6.	Area/suburb preferred	<input type="text"/>	
7.	Number of bedrooms required	<input type="text"/>	
8.	Number of garages	<input type="text"/>	
9.	Additional facilities (swimming pool, lapa)?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
10.	Proximity to bus route required?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
11.	Proximity to schools required?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
12.	Proximity to shopping malls and churches required?	<input type="checkbox"/> YES	<input type="checkbox"/> NO

7.11 CONCLUSION

Research has identified that clients within the Bloemfontein region are generally satisfied with the level of service delivery by estate agents within the industry.

However, 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 certain groups use specific services less often than the other price and age 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 2005 in relation to the perceptions of clients in 2015 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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APPENDIX A

JUSTIFICATION FOR THE USE OF AN OUTDATED SOURCE

JUSTIFICATION FOR THE USE OF AN OUTDATED SOURCE

According to D.S.S Moshidi, Chief Executive Officer of the Estate Agency Affairs Board, the handbook published in 1993, is the last published edition. It is therefore the most current handbook prescribed for estate agents within South Africa. The original author Professor Delpont has recently been instructed to update the current textbook in accordance with recent legal developments (Botes, 2003: online).



APPENDIX B

ESTATE AGENTS QUESTIONNAIRE

Q1. Do your agents' receive training? Yes
 No

Q2. If yes, in what aspects do they receive training?

	Always	Frequently	Neutral	Seldom	Never
Q2a. Selling skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q2b. Valuation methods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q2c. Service delivery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q2d. Code of Conduct of the Estate Agency Affairs Board	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q2e. Legislation of estate agents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q2f. Professionalism	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q2g. Consumer behaviour	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q2h. Marketing methods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q3. What methods do your agents utilise to determine the selling price?

	Always	Frequently	Neutral	Seldom	Never
Q3a. CMA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q3b. Professional valuer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q3c. Estate Agent's own judgement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q4. Please indicate the extent to which the following methods are used:

	Always	Frequently	Neutral	Seldom	Never
Q4a. Radio advertisements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q4b. Advertising in local print media	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q4c. Exhibition days (show houses)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q4d. Personally introducing prospective purchasers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q4e. Website	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q4f. 'For Sale' Boards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q5. Please indicate to what degree the following functions are performed by the agents:

	Always	Frequently	Neutral	Seldom	Never
Q5a. Discuss clients' requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5b. Discuss implications of granting a mandate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5c. Discuss commission payable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5d. Reduction of commission to ensure a transaction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5e. Discuss marketing strategy with clients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5f. Recommend methods to improve the property for sale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5g. Pre-qualifying buyers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5h. Escorting prospective purchasers through the property	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5i. Informing buyers of defects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5j. Negotiating selling price	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5k. Compiling 'Offers to Purchase' on behalf of buyers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5l. Explain conditions within 'Offers to purchase' to sellers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5m. Negotiating conditions of sale on behalf of seller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5n. Compiling a Deed of Sale on behalf of clients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5o. Providing copies of the signed Deed of Sale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5p. Discuss transfer costs with clients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5q. Liaise with conveyancers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5r. Inform clients of the progress of the transfer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5s. Inform buyers of the progress of the loan application	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5t. Maintain contact with clients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5u. Inform purchasers of the outcome of the 'Offer to Purchase'	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5v. Detailed explanations of the conditions within Deed of Sale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5w. Arranging of finance for buyers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5x. Maintain contact after registration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5y. Congratulate clients upon registration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q6. Indicate the methods your agents utilise to congratulate buyers upon registration:

	Always	Frequently	Neutral	Seldom	Never
Q6a. Gifts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q6b. Notes / cards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q6c. Flowers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q6d. Champagne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q6e. Telephone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q7. Indicate the methods your agents utilise to maintain contact with clients after registration

	Always	Frequently	Neutral	Seldom	Never
Q7a. Birthday cards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q7b. Newsletters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q7c. Anniversary cards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q7d. Electronic Mail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q7e. Telephone / sms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q7f. Personal visit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q8. Indicate how long the agency has been operating

Less than 6 months
 6 months
 1 to 2 years
 More than 2 years

Q9. Indicate when the Sold Boards are removed

Less than 30 days
 31 to 60 days
 61 to 90 days
 More than 91 days

Q10. Indicate the number of agents in your employ

1 to 3
 4 to 6
 7 to 9
 More than 9

Q11. Indicate your monthly residential sales

Less than 5
 6 to 11
 11 to 16
 More than 17

Q12. Is your agency part of a Franchise Yes
 No

Q13. Do you regard the Estate Agency Affairs Board Code of Conduct as relevant to the practical industry Yes
 No

Q14. If you do not find it relevant, please indicate in what ways it is not relevant to the practical industry

Q15. Other No control / regulation of industry or unregistered agents
 Complaints handled
 Unreachable



APPENDIX C

CLIENT QUESTIONNAIRE

CLIENT QUESTIONNAIRE

1. Have you sold a property in the two years?
Het u 'n eiendom die afgelope twee jaar verkoop? Yes Ja No Nee
2. What type of property did you sell?
Watter tipe eiendom het u verkoop? Flat Woonstel
 Townhouse Meenthuis
 Duet Duet
 House Huis
 Small holding Hoewe
3. Did you utilise the services of an estate agent?
Het u van 'n eiendomsagent gebruik gemaak? Yes Ja No Nee

SELLERS SECTION

4. Please indicate whether the estate agent delivered the following services READ ALL OPTIONS!

Dui asseblief aan of die eiendomsagent die volgende dienste gelewer het

	Yes Ja	No Nee
4a. Discussed your selling requirements at the beginning of the deal U verkoopsbehoefes met u bespreek	<input type="checkbox"/>	<input type="checkbox"/>
4b. Suggested methods to make the property marketable Metodes bespreek om die eiendom 'markgereed' te maak	<input type="checkbox"/>	<input type="checkbox"/>
4c. A comparative market analysis used to determine the selling price 'n Vergelykende markanalise gebruik om die finale verkoopprijs te bepaal	<input type="checkbox"/>	<input type="checkbox"/>
4d. Compiled a marketing strategy 'n Bemerkingsplan opgestel	<input type="checkbox"/>	<input type="checkbox"/>
4e. Compiled a Deed of Sale on your behalf 'n Verkoopkontrak namens u opgestel	<input type="checkbox"/>	<input type="checkbox"/>
4f. Provided you with a copy of the Deed of Sale 'n Afskrif van die Verkoopkontrak aan u besorg	<input type="checkbox"/>	<input type="checkbox"/>
4g. Were you satisfied with the overall service you received from the agent? Was u tevrede met die diens wat u ontvang het van die agent?	<input type="checkbox"/>	<input type="checkbox"/>
4h. Did the selling price recommended by the agent match the final selling price? Was die verkoopprijs soos aanbeveel deur die agent en die finale verkoopprijs dieselfde?	<input type="checkbox"/>	<input type="checkbox"/>

5. [If no] Was the difference in selling price higher or lower?
[Indien nee] Was die verskil in die verkoopprijs hoër of laer Higher Hoër Lower Laer

6. Please indicate the methods utilised to sell your property and your satisfaction therewith (If not used or don't know mark N/A) Dui asseblief aan die metodes gebruik om u eiendom te verkoop en u tevredenheid daarmee (As nie gebruik of weet nie merk NVT)

READ ALL RESPONSE CATEGORIES!

	Very satisfied Baie tevrede	Satisfied Tevrede	Dissatisfied Ontevrede	Very dissatisfied Baie ontevrede	N/A NVT
6a. Radio advertisements Radio advertensies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6b. Advertising in print media Advertensies in die nuusmedia	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6c. Exhibition days (show days) Skouhuise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6d. Advertised on agency website Advertensie op die agentskap se webwerf	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6e. 'For Sale' boards on the property Te Koop' borde op die eiendom	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. Please indicate your satisfaction with the following service delivered (If not delivered mark N/A)

Dui asseblief aan u tevredenheid met die volgende dienste (Indien nie gelewer merk NVT)

	Very satisfied Baie tevrede	Satisfied Tevrede	Dissatisfied Ontevrede	Very dissatisfied Baie ontevrede	N/A NVT
7a. The time spent discussing your requirements Tyd spandeer met die bespreking van u behoeftes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7b. The marketing strategy for the sale of the property Die bemarkings strategie vir die verkoop van die eiendom	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7c. Discussion of commission payable Bespreking van kommissie betaalbaar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7d. Agent's role in selling price negotiations Agent se rol in die onderhandeling van die verkoopprijs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7e. Explanation of the conditions in the Deed of Sale Verduideliking van die verkoopvoorwaardes in die verkoopskontrak	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7f. Kept you informed of the progress of the transfer U op hoogte gehou van die vordering van die oordrag	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7g. Service provided for the commission paid Die diens gelewer vir die kommissie betaal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7h. Accommodation of your selling needs Nakoming van u verkoopbehoefes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8. Did the estate agent maintain contact after registration of the property?
Het die eiendomsagent kontak met u behou na registrasie van die eiendom?

Yes No

9. If the agent has maintained contact after the sale, please indicate how they have done so

As die agent kontak met u behou het na die verkoop van u eiendom, dui asseblief aan op welke wyse:

	Yes	No
9a. Newsletters Nuusbriewe	<input type="checkbox"/>	<input type="checkbox"/>
9b. Birthday cards Verjaarsdagkaarte	<input type="checkbox"/>	<input type="checkbox"/>
9c. Anniversary cards Herdenkingskaarte	<input type="checkbox"/>	<input type="checkbox"/>
9d. Electronic mail Elektroniese pos	<input type="checkbox"/>	<input type="checkbox"/>
9e. Telephone Telefoon	<input type="checkbox"/>	<input type="checkbox"/>
9f. Other means Ander wyse	<input type="checkbox"/>	<input type="checkbox"/>

10. Please indicate the extent to which the following were discussed with you:

Dui asseblief aan tot hoe 'n mate die volgende met u bespreek is:

	Detailed Breedvoerig	Briefly Kortliks	Not at all Gladnie
10a. Implications and obligations of granting a mandate Die gevolge van die toekenning van 'n mandaat aan die agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10b. The proposed marketing strategy Die beoogde bemarkingsplan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10c. Conditions within the various 'Offers to Purchase' Voorwaardes van die 'Aanbod om te koop'	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10d. Transfer costs Oordragkoste	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. If you were dissatisfied with the level of service you received, please give the reasons for your dissatisfaction:
As u ontevrede was met die diens wat u ontvang het, gee asseblief die redes vir u ontevredeheid:

- Non-delivery of promises
 Contract alterations
 Forced / rushed process
 Lack of contact / information
 Service received for commission paid
 Other

BUYERS

Did you purchase property in the last two years? Yes Ja
 Het u 'n eiendom die afgelope twee jaar gekoop? No Nee

14. What type of property did you buy? Flat Woonstel
 Watter tipe eiendom het u gekoop? Townhouse Meenthuis
 Duet Duet
 House Huis
 Small holding Hoewe

15. Did you utilise the services of an estate agent? Yes Ja
 Het u van 'n eiendomsagent gebruik gemaak? No Nee

16. Did the estate agent delivered the following services: Het die eiendomsagent die volgende dienste gelever:		Ja	Nee
		Yes	No
16a. Discussed your property requirements	U eiendomsbehoefes met u bespreek	<input type="checkbox"/>	<input type="checkbox"/>
16b. Pre-qualified you for a loan prior to viewing prospective properties	U vooraf gekwalifiseer vir 'n verband voordat u na eiendomme begin kyk het	<input type="checkbox"/>	<input type="checkbox"/>
16c. Assit you in determining the amount for which you could buy?	U bygestaan met die vasstelling van die bedrag waarvoor u kon koop ?	<input type="checkbox"/>	<input type="checkbox"/>
16d. Personally escorted you through the property	U persoonlik deur die eiendom vergesel	<input type="checkbox"/>	<input type="checkbox"/>
16e. Informed you of defects in the property	U ingelig oor gebreke met die eiendom	<input type="checkbox"/>	<input type="checkbox"/>
16f. Assisted you in compiling an 'Offer to Purchase'	'n 'Aanbod om te koop' vir u opgestel	<input type="checkbox"/>	<input type="checkbox"/>
16g. Assisted you in completing a loan application	'n Verbandsaansoek namens u voltooi	<input type="checkbox"/>	<input type="checkbox"/>
16h. Compiled a Deed of Sale on your behalf	'n Koopkontrak namens u opgestel	<input type="checkbox"/>	<input type="checkbox"/>
16i. Were you congratulated on day of registration?	Is u gelukkewens op dag waarop die eiendom geregistreer is?	<input type="checkbox"/>	<input type="checkbox"/>
16j. Provided you with a copy of the Deed of Sale	U voorsien van 'n afskrif van die Koopkontrak	<input type="checkbox"/>	<input type="checkbox"/>
16k. Maintained contact after registration	Kontak met u behou na registrasie van die eiendom	<input type="checkbox"/>	<input type="checkbox"/>
16l. Were you satisfied with the service that you received from the estate agent?	Was u tevrede met die diens wat u van die eiendomsagent ontvang het?	<input type="checkbox"/>	<input type="checkbox"/>

17. What was your degree of satisfaction with the following services: Hoe tevrede was u met die volgende dienste?					
	Very satisfied Baie tevrede	Satisfied Tevrede	Dissatisfied Ontevrede	Very dissatisfied Baie ontevrede	N/A NVT
17a. The time spent discussing your property requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tyd gebruik vir die bespreking van u eiendomsbehoefes					
17b. Maintenance of contact during the buying process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Behou van kontak gedurende die koops proses					
17c. Notified you of the outcome of the 'Offer to Purchase'	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
U in kennis gestel van die uitslag van die 'Aanbod om te koop'					
17d. Agent's role in purchase price negotiations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Agent se rol in onderhandelinge van die koopprys					
17e. Informed you of the progress of your loan application	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
U op hoogte gehou met die vordering van u verband aansoek					
17f. Discussion of transfer costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bespreking van die oordragkoste					
17g. Explanation of the conditions in the Deed of Sale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Verduideliking van die voorwaardes van die koopkontrak					
17h. Kept you informed of the progress of the transfer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
U op hoogte gehou met die vordering van die oordrag					
17i. Removal of the Sold Board	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Verwydering van die 'Verkoop' bord					
17j. Did the recommended properties suit your property requirements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Het die eiendomme wat die eiendomsagent aanbeveel het u eiendoms behoeftes gepas?					
17k. The quality of service you received from the agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Die kwaliteit van diens wat u van die eiendomsagent ontvang het					

18. Indicate the purchase price of the property

Dui aan die koopprys van die eiendom

- Less than R250 000 minder as
 R251 000 - R500 000
 R501 000 - R750 000
 R751 000 - R900 000
 More than R901 000 meer as

19. In which age category do you fall?

In watter ouderdoms groep val u?

- 21 - 30
 31 - 40
 41 - 50
 51 - 60
 Over 60 oor

20. Selling price of property

Verkoopprys van
eiendom

- <250 000
 251 - 500
 501 - 750
 751 - 900
 More than 900

**THAT WAS THE LAST QUESTION. THANK YOU FOR YOUR CO-OPERATION.
DIT WAS DIE LAASTE VRAAG. BAIE DANKIE VIR U SAMEWERKING.**

21. Interviewer

Onderhoudvoeder

22. Person with whom the interview was conducted

Persoon met wie onderhoud gevoer is

23. Telephone number

Telefoonnommer



APPENDIX D

COVER LETTER

Central University of Technology, Free State

SCHOOL FOR ENTREPRENEURSHIP AND BUSINESS DEVELOPMENT

itsak X20539
e Bag X20539
nfontein

9/17/2004

Dear Sir/Madam

51 5073222

ESTATE AGENCY SURVEY

51 5073133
il: jvdwalt@ufs.ac.za

The quality of services rendered by estate agencies is very important to the success of a transaction in the property industry. It has a direct influence on the satisfaction of buyers and sellers of properties and as such on the stimulation of the Bloemfontein economy.

In order to address this issue, Me Kirsty Botes is currently undertaking a research project to collect information in the quality of service delivery in the Estate agency Industry.

The envisaged title of the study is: "An investigation into the quality of service delivery by the estate agency industry in the Bloemfontein region". With this in mind, please complete the attached questionnaire as accurately as possible. The questionnaire will take about 20 minutes to complete.

Total confidentiality is guaranteed. The information from the questionnaires will only be used in a summary format. A copy of the results will be available, if requested. Please completed the questionnaire as soon as possible and return it before 6 October 2004.

Your co-operation and assistance is much appreciated.

Yours sincerely



Me Kirsty Botes
M.Tech: Marketing student
Tel: 0836997378



Dr. JJ van der Walt
Programme Head: Marketing
Tel: 051 5073222

