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Editors: Heather Hamerton and Cath Fraser

Customer service gaps: A case study of small automotive service centres in Auckland, New Zealand

Authors: Niranjan Singh, Jone Tawaketini, Roman Kudin and Gerry Hamilton

Correspondence: nsingh@unitec.ac.nz

Abstract
Auckland New Zealand has 1,791 automotive repair workshops, of which the majority are owner-operated and employ few people. The presentation will describe a research project undertaken to investigate the gap between current customer service and good customer service practices which can lead to improved business outcomes. The research was initiated by the authors in response to data collected by groups of students as part of their study in a level 6 course in a degree programme. Twenty-six reports from a seven-year period were used to extract data. Qualitative methodology was used to analyse data as the reports were diverse and complex, and often subjective. The research revealed gaps between customer expectations and the service that the workshops provided. Key findings included workshop employees having the dual role of technicians as well as customer care, and that most workshops studied did not have dedicated space for customers to wait in, therefore exposing them to the operation of the workshop. The exposure of the customers leaves the person conducting the business of the workshop open for litigation and penalties which may impact on the economic viability of the business. Recommendations for industry stakeholders include training of staff who face customers, creating a safe waiting area and keeping customers out of harm’s way. A recommendation is also made that the Ministry of Business, Innovation, and Employment conduct regular compliance checks of these small service providers to eliminate malpractices and create a safe work environment.

The presentation reflects on the nature of student research in the workplace, referencing the underpinning values of Kaitiakitanga (Guardianship of knowledge) and Mahi Kotahitanga (Cooperation) which guided the project.

Introduction
This research follows a direct response to reports collected by students over an 8-year period on customer service in small automotive service workshops in Auckland New Zealand. The research is based on three interlinked premises: first, the small nature of the automotive service industry is manpower restricted; second, the manpower restriction prohibits the business owner to pause and think how effective is their customer service and thirdly; any improvement in customer service will result in improved income for the business. Our aim is to create an awareness of the gap between current customer service and good customer service practices which will lead to better business outcomes. The foundation of effective customer service is a process of free flow of communication between the front facing employees of the business and those that seek their service. Effective customer service has a social context hence recognising the barriers or gaps in customer service will lead to improved customer service satisfaction.

Background
According to Statistics New Zealand (2019) the Auckland region had 1,791 automotive repair and maintenance businesses that had 1 – 19 employees. Majority of the businesses have no employees which means that it is only owner operated while the other next major part has less than 5 employees. The businesses cater for aftermarket service and repair of vehicles of which a large portion are
imported as used cars from Japan. Employees or operators of the businesses have the skills required to repair and service the vehicles and for small automotive service centre business owners it is their core focus.

As part of study, students carry out analysis of the repair and maintenance workshop for operation and compliance. Customer service practices in these small businesses are a focus for their study for which they produce reports. Copies of the students’ reports have been collated over the last 8 years and is in the guardianship (Kaitiakitanga) of the authors and data is used for this research. Panko and Singh (2014) argue that reports written by students are authentic and fundamentally trustworthy. They further argue that data mined from a wide collection of students’ work and used for their own research is ethical. To maintain quality of data, reports that had scored 80% and over were selected and used for data mining in this research. As the data is about industry practices this research, in the spirit of cooperation (Mahi Kotahitanga) aims to share the findings with industry when published.

Research question
How deep is the customer service gap in the automotive after-market service industry in New Zealand?

Literature review
The aftermarket service industry has an undeniable image of small business operation with most organisations having less than 5 workers. The workers are talented individuals hired by the business operators as specialist or trainee automotive technicians. Royne Stafford, Stafford and Wells (1998) argue that customer satisfaction and service quality remain critical issues in service industries. Satisfaction, in turn, is believed to influence attitude change and purchase intention (Oliver, 1980). Parasuraman, Berry and Zeithaml (1991) argue that customers expect service basics delivered at a level they believe commensurate with the price they pay and understanding customer expectations is a prerequisite for delivering quality customer service. Brady and Cronin (2001) suggest that customer oriented business operation are perceived as having better quality physical goods and employee performance. Oliver (1980) argues that customer satisfaction generally arises from and individual’s comparison of perceived performance and expectation of actual performance. D’Emidio, Greenberg, Heidenreich, Klier, Wagner and Weber (2019) found that the risk is dissatisfied customers are more likely to publicly express their unhappiness through social media, hotlines and letters and business owners need to counter by focussing on keeping their customers happy and most importantly reduce the number of unhappy customer. While the technologies are changing the speed and impact of customer complaints, Devine, Lal and Zea (2012) further suggest that poor customer service is not a problem for customers but also vexes business managers for whom balancing the trade-offs between the cost of services and the customer experience benefits they provide can become difficult. They further suggest that focussing on the human side of customer service can lower costs and improve customer satisfaction considerably.

With the demand for improved customer service, Beaujean, Davidson and Madge (2006) found in their research that although business entities are investing funds in traditional loyalty programmes and customer relationship management technology, these initiatives tend to end up in disappointment. They suggest that the missing component in service quality improvement is the spark between the customer and front facing staff members. The spark combined with emotionally driven behaviour creating conversational empathy creates great customer service resulting in trust and loyalty. With competing automotive service business organisations operating next to each other, Raedemaeccker, Feijoo, Jacquemont and Tamayo (2015) argue that providing good customer service has never been
easy as service expectations continue to rise due to unprecedented technological change and access to data and the power of social media for customers to publicise their experience. This puts the onus on vehicle service providers to make each customer interaction a pleasant experience.

Agile people employed in the automotive aftermarket service industry are technicians and in most cases they also act as the front facing staff which is why capability building in a customer service context is important. Capability development for service technicians includes understanding customer needs and according to Raedemaeker et. al (2015) the closer they are, the more likely they are to have real answers subject to them having built skills in listening to customers and analysing problems.

The service requirements of each customer in an automotive aftermarket business varies depending on specific faults in their vehicle and Buesing, Kleinstein and Wolff (2018) argue that in the current shifting customer relations landscape every interaction has the potential to cement or sever the relationship, hence the need to transition to a more holistic approach to customer engagement has become critical. This challenge to personalise each interaction requires a strong focus on the development of front facing staff capability increasing the employees value to the business.

Due to undifferentiated service products, aftermarket service providing businesses operate in an increasingly competitive environment and are economically challenged hence have to make do with limited staff who can multi-task. Braff and D’eVine (2008) suggest that companies faced with increased competition that closely manage their customer experience are saving money without degrading them of the customer satisfaction.

Methodology
A qualitative methodology was used to analyse the data from 26 reports collected over 8 years. Data was the interpretation of observations in commercially operating workshops and extracted from the reports. To maintain high quality of data, only reports that were graded above 80% were used for this research.

Table 1: Selection of reports

<table>
<thead>
<tr>
<th>Semester</th>
<th>Overall number of students</th>
<th>Overall number of reports examined</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 2012</td>
<td>23</td>
<td>5</td>
</tr>
<tr>
<td>1 - 2013</td>
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<td>2</td>
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<td>2 - 2013</td>
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<td>1 - 2014</td>
<td>19</td>
<td>4</td>
</tr>
<tr>
<td>1 - 2018</td>
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<td>2</td>
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<tr>
<td>2 - 2018</td>
<td>25</td>
<td>4</td>
</tr>
<tr>
<td>1 - 2019</td>
<td>22</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>140</td>
<td>26</td>
</tr>
</tbody>
</table>

Findings
Only the Customer service component of the reports were considered for this research. The 26 reports used had many different ways of describing customer service. As the data used are descriptions, producing the findings could not be quantified by statistics. To discover the knowledge, data is mined as Hand (2006) argues the basic stimulus is that large databases contain valuable information that is concealed within the mass of uninteresting data. The findings are initially tabulated for ease of
understanding and later explained. To maintain privacy of data collectors and their subjects I have used coding and thematic. The findings are categorised in three themes and tabulated:

Table 2: Customer service themes

| Customer satisfaction | Customer satisfaction is described using terms such as; excellent customer service, customer expectations, customer benefits, relationships, professional conversations, treat and serve, respecting and friendly, choice of service, happy outcomes, cultural considerations, time conscious, work guarantee, courteous, feedback, social media. |
| Customer facilities | Customer facilities are described using terms as; access, reception, warm and comfortable environment, waiting areas, beverage facilities, parking facilities, entertainment, courtesy cars. |
| Customer safety | Customer safety are coded for terms such as; work area, access, safety lines, signage. |

Customer satisfaction

The data for this study had many different ways to describe customer satisfaction, the majority (19 out of twenty-six) reports suggested that workshop owners understood the importance of customer satisfaction and were keen to meet expectations. Two workshops specifically had employees of different cultures at the reception to meet the diverse demography of their customer base. The following statement reflects the expectation of customers:

“How an employee approaches a customer is important because it sets the tone for how a customer feels in the environment, whether they are comfortable or feel distant or intimidated. The next thing a customer will look forward to is a conversation where the owner, manager or receptionist will make them feel welcome and have a friendly aura, talking them through the procedures, detailing the cost for repairs/service, and duration of that service”.

The following observations are reported:

“The workshop director greeted us in a very genuine, open and friendly manner. By walking up to us at the entrance to his workshop, we felt very welcomed from the get go. In using this approach, he developed trust and we were able to discuss the services he provided”.

“This workshop has basically applied several strategies to communicate with customers such as email, phone call or by face to face communication”.

“Customer complaints of vehicle problems are directed to the head technician who is responsible to perform diagnostics and identify the cause of the problem. The technician then explains to the customer in a respectful manner in order to avoid customer complaints”.

“The owner of the workshop was very well versed in different ways attracting the customers, the way of greeting regular customers in their own languages and talking to them something apart from repair gives more smiles on customer faces and introducing us to customers with a hand shake was really brilliant”.

Consolidated key findings

Twelve out of the twenty-six reports indicated that the workshop mechanics also substituted as customer service person. This arrangement was due to the limited number of employees and the need for the technicians to provide first hand feedback to customer enquiries or report on the work they have done on the customers’ vehicles.
Fifteen out of the twenty-six reports had staff composition of a culturally diverse background. As a practice, these workshop staff would approach their customers depending of their cultural heritage which made communication easy and secure the work.

Eighteen of the twenty-six workshops promoted themselves through social media and in turn received feedback from customers using the same medium. The workshops used the feedback to improve their service and secure return and new customers.

Only three workshops are reported to be sending reminders to their customers when service for their vehicle is due or services that the workshop is promoting.

Customer facilities
The reports reviewed customer facilities including parking space on arrival, reception areas, waiting rooms and courtesy cars. Customer facilities have a direct impact on customer convenience and an indirect impact on the economic success of the business.

The following observations are reported:

“There was no customer waiting area but only chairs set up just beside the reception. Customers are not safe from the workshop operation including exposure to noise and exhaust gas from running vehicle engines”.

“One of the problems we find during our observation is the parking. This workshop does not distinguish between customer parking area and employee parking area so the vehicles are free to find empty places to park. During our observation we seen a few customers come and leave as they can’t find a parking”.

Consolidated key findings
Seventeen of the 26 reports indicated that the workshops under study did not have any customer waiting room or the waiting space was part of the open work area and customer could easily access the service technicians work space. Only two workshops had appropriate customer waiting room with beverages and entertainment such as television and reading material.

None of the workshops under study had designated parking space for drive in customers and to the effect that a number of the customers tended to drive away. This action can be seen that even though the workshop had work on hand, they were missing out on customers.

Customer safety
Providing a safe environment for customers requires limiting access to the workshop space and provision of activities that will keep them busy. The reports found major shortcomings in the provision of safe places where customers could wait while their vehicle is under repair of service.

The following observations are reported:

“Some customer comes in to the work without looking at the stop sign and most of the time they want to see the repairs on their cars and talk with the technician regarding the repairs”.

“Visitors and customers have to walk across approximately half of the distance across the working area of the workshop floor area until they can get to the reception creating a risk”. If a worker did not notice anyone is behind the vehicle when reversing, it might cause a serious injury. Additionally, everyone can walk in to the workshop without any permission which is not safety for other people”.

“Some of the customers stand around the working area which is not good for the workshop if anything happens to them. The workshop has “No Entry” signs but due to small and open space of the waiting area the customer can still walk around the working area”.

Consolidated key findings
Twenty-four out the twenty-six workshops did not have all the facilities to keep customers occupied for the period that vehicles were being serviced or repaired. In most the twenty-four the customers either did not have a dedicated space or the limited facilities was located in the workshop area. This practice contravenes the Health and Safety at Work Act 2016, section 37 which is “Duty of PCBU who manages or controls workplace (1) A PCBU who manages or controls a workplace must ensure, so far as is reasonably practicable, that the workplace, the means of entering and exiting the workplace, and anything arising from the workplace are without risks to the health and safety of any person.

Conclusions
The findings from the 26 reports on small automotive service centres have identified that customer service in these workshops do not meet customer expectations in satisfaction, facilities and safety. Customer satisfaction had major expectation gaps as the workshops did not invest in the service provision. Majority of the workshop did not have dedicated customer waiting rooms and the workshop exposed their customers to high operating risks on the service centres. There is an educational gap of the obligations of the service centre providers and those customers that patronise the service centres. This lack of due care of the customers leaves these workshops open to litigation which may lead to penalties under the Health and Safety at Work Act, 2015. This research did not investigate why customers patronise the small automotive service centres and needs further investigation. These gaps in customer service may be due to the structure of the operation of the service centres and the limited number of employees.

Recommendations
These recommendations are derived from our conclusions to ensure that customers in small automotive service centres experience satisfaction, are safe and the workshops provide a safe place for them when patronising their services.

Recommendation one: Service providers have trained customer service personnel who administer transparent service contracts and ensure that customers understand what, how long and when they will receive the service for the vehicles.

Recommendation two: Every service centre need to have dedicated customer waiting room away from the workshop operating space.

Recommendation three: Customers are made aware that they are not to enter the work space of the workshop and stay within the safety lines.

Recommendation four: The Ministry of Business, Innovation, and Employment carry out regular compliance checks on the automotive service providers to ensure nobody is put on risk under Health and Safety at Work Act 2015.
References


