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ASSESSING CUSTOMER SATISFACTION LEVELS AT A NATURAL GAS ENERGY SUPPLIER

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ASSESSING CUSTOMER SATISFACTION LEVELS AT A NATURAL GAS ENERGY SUPPLIER

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A project report submitted to the Faculty of Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

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ABSTRACT

The advent of pipeline natural gas from the gas fields of Mozambique to supply the industrial customers in South Africa, brings with it new opportunities and challenges to the South African pipeline gas energy sector. The South African pipeline gas industry has been dominated by Sasol for more than two decades.

With the introduction of pipeline natural gas from Mozambique, the South African government, which holds a stake in the natural gas pipeline, has made clear its intentions of opening the industry to more players, in order to squash once and for all the industry perception of Sasol being a monopolistic player in gas industry. The government intends to eradicate this perception by entrenching regulations and an Act that would see the transmission and distribution of pipeline gas being open to companies that would compete with Sasol.

According to agreements reached with the South African government, Sasol shall be given a certain grace period, to be able to recoup its investment in the 1,9 billion US$ pipeline, where-after the pipeline shall be open to players who satisfy certain government conditions. Depending on the proven gas reserves the period could be from 0 to 10 years from the first gas.

New players are envisaged to enter the downstream end of the pipeline gas industry as mostly independent distributors and retailers of gas. The fight for market share will certainly intensify.

As a result of these implications Sasol Gas, a subsidiary of Sasol, will have to look at new ways of retaining and protecting its markets from new entrants. A point of departure has been to gauge how satisfied customers are with Sasol's present offering.

Customer satisfaction has long been a construct looked at as the primary essential in marketing oriented companies. The customer satisfaction principle has evolved from "primitive marketing tools" the more recent sophisticated measuring tools such as the Customer Satisfaction Index.

An exploratory survey to assess customer satisfaction levels and pertinent issues of satisfaction has been carried out at Sasol Gas.

The survey instrument was designed along the American Customer Satisfaction Index Fornell (1994) satisfaction antecedents i.e. perceived value, perceived quality, customer expectations and satisfaction consequences of customer loyalty and customer complaints. It should be stressed here that the aspect of quality was limited to customer service only and not to the physical product and reliability of supply. These two aspects were considered by all customers as givens. However emphasis should be made that due to the exploratory nature of this study, the methodology used

was to assess quantitative as well as qualitative issues. Thus the designed instrument addressed both quantitative as well as qualitative aspects.

It is the intention of the author of this report to create a more comprehensive questionnaire, along the lines of the American Customer Satisfaction Index, to cover the entire South African Energy industry spectrum.

DECLARATION

I declare that this research report is my own, unaided work. It is submitted in partial fulfillment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any University.

……..

Ronald Tšepo Peters

…..day of February, 2005.

DEDICATION

Dedicated to my late parents, and to all my children.

ACKNOWLEDGEMENTS

I am grateful to the following:

My supervisor Mark Peters, for his encouragement and batting for me when the going seemed to be tough and to my friends and colleagues Pieter Grobbler ; Mots Koapeng; Herbert Ngwenya; Johan Fourie; for their unending encouragement.

TABLE OF CONTENTS

Page no.

TITLE PAGE i

ABSTRACT ii

DECLARATION iv

DEDICATION v

ACKNOWLEDGEMENTS vi

TABLE OF CONTENTS vii

LIST OF APPENDICES x

LIST OF TABLES xi

LIST OF FIGURES xii

CHAPTER 1: INTRODUCTION 1

1.1 Context of the study 1

1.1.1 Implications to Sasol Gas 3

1.2 Research Problem and Sub-problems 4

1.2.1 Main Problem 4

1.2.2 Sub Problems 4

1.3 Purpose of the study 4

1.4 Significance of the Research 5
1.4.1 Company Level.. 5
1.4.2 Industry Level 5
1.5 Structure of the Project Report.. 6

CHAPTER 2: LITERATURE REVIEW.. 7

2.1 Introduction 7
2.2 The Marketing Concept 7
2.2.1 Organisational Culture 7
2.2.2 Customer Satisfaction 9
2.3 Measuring Customer Satisfaction 10
2.3.1 Classical Marketing Tools 10
2.3.2 Customer Satisfaction Index (CSI).. 12
2.3.2.1 Perceived Quality/Performance.. 14
2.3.2.2 Perceived Customer Value 15
2.3.2.3 Customer Needs and Expectation 19
2.3.2.4 Customer Loyalty.. 19
2.3.3 Customer Retention.. 21
2.4 The Economic Benefits of a company CSI.. 22

CHAPTER 3: RESEARCH QUESTIONS 27

CHAPTER 4: RESEARCH METHODOLOGY 28
4.1 Introduction 28
4.2 Research Instrument 28
4.2.1 Questionnaire Design 28
4.3 Sample Population 30
4.4 Sample size. 30
4.5 Data Collection methods 30
4.6 Data Analysis 30

CHAPTER 5: RESEARCH RESULTS 31
5.1 Introduction 31
5.2 Research Question 1: Perceived Performance 31
5.3 Research Question 2: Perceived Value 39
5.4 Research Question 3: Customer Needs and Expectations. .. 43
5.5 Research Question 4: Customer Loyalty.. 48
5.6 General Background Exploration 50

CHAPTER 6: DISCUSSION OF RESULTS 55

CHAPTER 7: CONCLUSION.... 62
7.1 Introduction 62
7.2 Recommendations.. 62
7.2.1 Perceived Performance 62
7.2.2 Perceived Value 63
7.2.3 Customer Expectations.. 63
7.2.4 Customer Loyalty.. 63
7.2.5 General Background Exploration.. 64
7.3 Further Research.. 64

REFERENCES 65

APPENDICES 70

LIST OF APPENDICES

Page No.

Appendix 1:	Questionnaire	70
Appendix 2:	List of Tables	72
Appendix 3:	List of Figures	92

LIST OF TABLES Page No.

Table 1: How are the communication channels between you and Sasol Gas?.. 72

Table 2: When was the last time you were contacted by Sasol Gas? 72

Table 3: Are you satisfied with the personal interaction with the Energy Advisor, Maintenance, Credit Control, and Management 73

Table 4: If no please indicate the one you are not satisfied with… 73

Table 5: Please state why you were not satisfied. 74

Table 6: Do you get value for your money? 74

Table 7: If "no", what price level would present value for money? 75

Table 8: Do you get value for your money concerning services rendered? 76

Table 9: If "no", please state why?.. 76

Table 11: What are the future prospects for your plant? 77

Table 12: What are the major factors that have an impact on your business? .. 78

Table 13: What do you see our competitors doing that you would like Sasol Gas to do better? 80

Table 14: What service do you require that we do not provide? 82

Table 15: What is your biggest concern regarding the conversion to natural gas? .. 84

Table 16: Will you recommend Sasol Gas to other industrial energy users?.. 86

Table18: What are your perceptions of Sasol Gas? 87

Table 20: What is the percentage gas costs related to your total input costs? .. 90

Table 24: Any other comments you would like to make which were not covered by this survey? 90

LIST OF FIGURES Page No.

Figure 1: The American Customer Satisfaction Index (ACSI) Model 92

Figure 2: How are the communication channels between you and Sasol Gas?.. 93

Figure 3: When was the last time you were contacted by Sasol Gas? 94

Figure 4: Are you satisfied with the personal interaction with the Energy Advisor, Maintenance, Credit Control, and Management 95

Figure 5: If "no" please indicate the one you are not satisfied with. 96

Figure 6a: Do you get value for your money? 97

Figure 6 b: Do you get value for your money? 98

Figure 7: Do you get value for your money concerning services rendered? .. 99