

**UNIVERSITY OF KWAZULU – NATAL**

**INVESTIGATING SERVICE QUALITY PERCEPTIONS OF TRAVEL AGENCIES- A  
CASE STUDY ON TOURISM KWAZULU-NATAL (TKZN)**

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**A dissertation submitted in partial fulfilment of the requirements for the degree of  
Master of Business Administration**

**Graduate School of Business & Leadership  
College of Law and Management Studies**

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## **Abstract**

The purpose of the study is to acquire key insights from Tourism KwaZulu-Natal employees' expectations and perceptions on service quality of travel agencies in Durban. Most corporates and government, and state owned enterprises utilise services of travel agencies as they travel constantly locally and internationally and most of these organisations encounter challenges with travel agencies relating to bad service. The rapid changes in the travel industry trends lead to a highly competitive environment. Travel agencies have had to increase the quality and type of services they offer in order to meet the current demands. This necessitated the study to look into the current status of service quality within the travel agency sector. The literature review provided an empirical overview of how travel agencies have developed over time due to the fierce global competition that has grown over the past years. The researcher used the employees of Tourism KwaZulu-Natal as the population to be assessed. The population size was 55 and this also formed the bases for the sample. Questionnaires were sent to all 55 and the total population, 49 respondents were received and assessed. When it comes to testing the reliability of the data under review, the analysis showed that the data was reliable as the Cronbach's alpha values were  $> 0.70$  for all the sub-set of the SERVQUAL model. The respondents provided an insight by demonstrating high level of expectations from travel agencies. The respondents are in a high traveling environment with a 71% traveling for business and 28% on leisure for more than 2-7 times and require complete convenience in terms of required service. The findings from the study provided insights that will enable travel agencies to develop strategies that will improve service quality and encourage customer loyalty. The proposed recommendations look at attributes that were identified across all service quality dimensions looking at socio-demographical components. It should be noted that those dimensions demonstrated significant statistical differences between expectations and perceptions performance. Key outcomes from the study clearly demonstrated the need for travel agencies to consider SERVQUAL model in assessing their current business model.

**Key words: Service quality, SERVQUAL, Tourism KwaZulu-Natal, travel agencies, perceptions and expectations**

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# **CHAPTER ONE**

## **Introduction**

### **1.1 Introduction and background**

The tourism industry in South Africa remains one of the key economic drivers for the country. The sector is contributing over R300 billion translating to 9% to the country's GDP, supporting over 1, 4 million jobs (Department of Tourism Annual Report, 2014-15). From a global perspective, United Nations World Tourism Organisation (UNWTO) states that the industry has achieved continuous uninterrupted growth over the past six decades from 25 million to 1133 million in 2014. The sustainability of the growth is due to the customer oriented value chain in the sector, which starts when potential tourists get in contact with a destination website to research about the experiences and attractions on offer, to booking a travel and ultimately experiencing a destination. One of the most important sectors within the tourism value chain is the travel agency industry.

The sector is largely a service oriented in nature and important in the tourism value chain. Travel agencies link a potential tourist with a destination, through arrangement of all domestic and international travel, from booking of hotel and other relevant accommodations to arranging flights and ground transportation and tours at destinations. Furthermore, travel agents provide advice and assist with other requirements such as travel insurance, visa applications and other foreign travel requirements.

The rapid changes in the sector trends such as recent visa regulations by South African government, terrorism, have added to the challenges faced by the sector when arranging travel for clients. These have had a negative impact in ensuring a seamless service quality for clients. These challenges present an opportunity for many agencies to review their current business in order to sustain their existence. It is for this purpose that a study is conducted which focuses on the service quality within the travel agencies, using the SERVQUAL model to assist the sector in elevating its service excellence and maintaining loyalty amongst its customers resulting in ultimate retention.



## **1.2 Brief overview: travel agency industry in South Africa and the need for Service Quality**

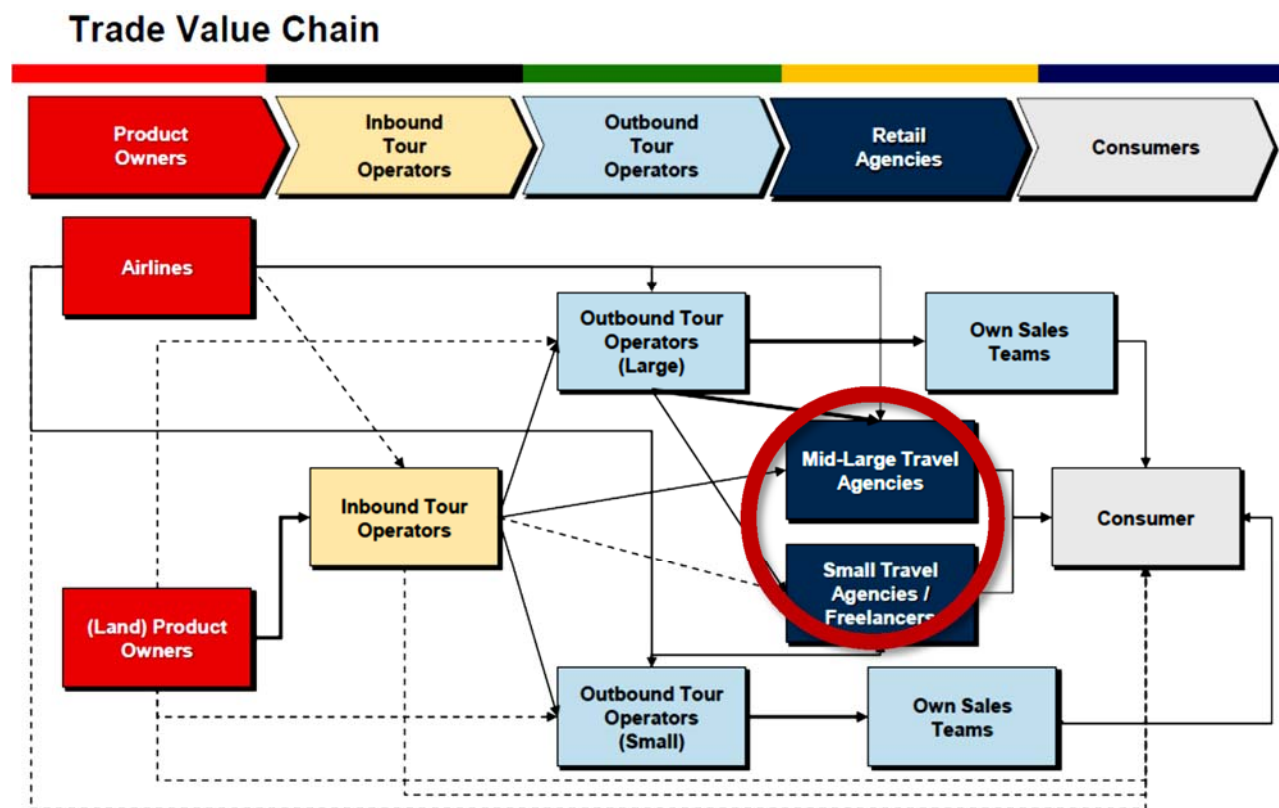
This section provides an overview of the travel agency in South Africa in terms of regulation and standardisation of the sector. This further looks at key service excellence programmes existing and its link to service quality to customers.

The travel agency sector in South Africa is driven by Association of South African Travel Agencies (ASATA). Formed in 1956, the association was created as a forum for the industry to promote professional service with security for both members and their clients. Currently the membership represents more than 85% of the industry including the head offices of most of the major brands (ASATA, 2010). ASATA's emphasis is on free trade without violating rules and regulations. The members have entrenched a constitution and a code of conduct that self-regulates the travel industry and provides the consumer with a benchmark and the comfort that the members are compliant with ASATA's guidelines. According to ASATA, the effect of their governance processes indicates that more than 97% of the customer complaints received relate to non-ASATA members.

The primary focus of ASATA is to improve and maintain a sustained and a profitable sector of its members and ultimately ensuring the delivery of a professional service to the travelling consumer. This is achieved through strong relationships and open dialogue with all stakeholders in the travel value chain. Through the multi stakeholder relationship, the complexity in managing service quality is higher across the entire value chain. SERVQUAL model is central in ensuring that measures are put in place to monitor service excellence. Winer (2007: 425) is of the view that due to the intangibility of products in the service industry, perceptions play a greater role in assessing the quality of products than they do with manufactured products.

Furthermore, the travel agency sector is linked to International Air Transport Association (IATA) through an accredited process. The membership to IATA is crucial for travel agencies as this allows travel agencies to benefit from the airline body's accreditation

worth US\$ 220 billion of air tickets sold annually on behalf of over 260 IATA airline members. This allows travel agents access to multiple destinations so as to provide customers with a variety of options when it comes to travel needs. The nature of travel agencies business is highly reliant on third party suppliers. The diagram below (Fig. 1.1) demonstrates the linkages between travel agencies and tourism value chain players with customers.



Source: South African Tourism Marketing SA in India (2012)

**Fig 1.1 Tourism Trade Value Chain**

Travel agencies require skilled agents with broad knowledge in order to provide professional service. This is further supported in Winer (2007: 433) as he indicates that service industry provides products that are highly dependent on the quality of employees. ASATA indicates that the primary aim of its code of conduct is to ensure that the Consumer receives the best possible service from ASATA members and to

maintain the standing and good name of the association and its members. The issue of skills development is discussed in detail in Chapter 2 as part of the literature reviewed.

### **1.3 Motivation for the study**

The key to the performance of any service oriented industry is largely dependent on the delivery of service quality to customers Atilgan, Akinci, & Aksoy (2003 cited in Ciunova-Shuleska et al 2013: 23). Service quality has become a key attribute to build competitive advantage and solid brand equity for any service industry. The statement is supported by Berry, Parasuraman & Valarie (1988 cited in Ciunova-Shuleska et al 2013: 23) stating that service quality has become a great differentiator and possesses a lethal competitive weapon for the service industry. This is by no means different to the travel agency sector.

In order to achieve competitive advantage and sustainability, organisations measure their service through one of the popular approaches by using the SERVQUAL model. SERVQUAL is widely used instrument which is composed of 22 questions focusing on key five categories of service quality; tangibles, reliability, responsiveness, assurance and empathy (Zeithaml, Parasuraman and Berry (1985).

Travel agencies provide personalised business or leisure travel offerings based on clients' trip objectives, personal interests and budget allocation. Many travel agencies offer generic travel services and some offer specialised services in areas such as incentive travel for corporates, conference packages, adventure, family, groups, religion, honeymoons, disabled travel amongst others. Most corporates and government, and state owned enterprises utilise services of travel agencies as they travel constantly locally and internationally. These organisations appoint travel agencies on a contract basis for the duration of one to three years. Although there are service level agreements in place, most of these organisations encounter challenges with travel agencies relating to poor service from their staff. Unfortunately, most of these challenges are encountered at destinations which pose a problem for the traveler. Some

of the challenges faced include low standard accommodation due to lack of destination knowledge.

#### **1.4. Problem Statement**

Service quality is central across the tourism value chain as in all the touch points from destination website, travel agency bookings, flights, ground transportation, accommodation and attractions at destination. Although the services of travel commence at contact with destination information through website, most customers utilise the services of a travel agency. Travel agencies offer tailor made travel packages as per customer needs. In most cases, travel agencies act as an advisor to customers to recommend a suitable destination based on their profile in terms of their preferred experiences. Service quality is thus paramount in this sector as travel agencies sell a promise which is intangible. The challenge facing most service organisations is to make the product tangible to the customer in order to facilitate a purchase easily. Winer (2007: 431) states that 'Although it is possible to rely solely on image and positioning, customer reaction is more uncertain and idiosyncratic'.

The travel agency sector is labour intensive and agents have to make sure that they have basic appropriate knowledge of destinations they are selling as they are a direct link between a destination or product and a customer. In most cases, travel agencies receive a lot of walk-ins at their premises and they have to ensure that the front line staff is well equipped to provide professional service since they are the first point of call with customers. The initial interaction could be a deal maker or breaker for a travel agency. Winer (2007: 393) highlights that acquiring new customers is costly and requires incremental costs called acquisition costs. He further states that these costs represent an initial loss on any customer. It is, therefore, critical that frontline staff ensures a sale when engaging new customers. Although it may not result in a sale, establishing a relationship with the customer is, however, equally important.

The travel agency sector is further confronted with skills shortage due to the high turnover of staff. Travel News Weekly (TNW) (2014) conducted a research in 2014 on the shortage of skills in the travel agency segment of tourism value chain. The skills shortage is directly affecting this segment as service quality in servicing customers is paramount. The survey, which targeted 462 travel agents and 50 corporate buyers, looked at challenges facing the travel agencies in terms of skills shortage. The industry is not able to recruit, develop and hold on to the young recruits which the industry so desperately needs. This will be discussed in detail in Chapter Two.

Furthermore, the issue of technology and the advent of online agencies are major challenges for the travel agency industry. The growth of internet has brought about opportunities for many distribution services. In the travel services (Expedia, Travelocity and Orbitz, etc.) these represent the largest e-commerce travel service worth about \$70 billion of services sold in 2005 (Winer, 2007: 439). The advantages of these channels are low cost as opposed to a fully-fledged travel agency which requires infrastructure to operate. This has led to some travel agencies closing down.

The South African tourism industry has recognised the importance of service excellence as this is a catalyst for a prosperous sector since it contributes about 9% to the GDP of the country. As a result, in 2013, the National Department of Tourism (NDT), through its marketing entity, South African Tourism (SAT) introduced the Lilizela Tourism Awards. The awards were introduced to reward and celebrate service excellence across the tourism industry. The deserving recipients of the award are recognised for their efforts in delivering world class products and services thus raising South Africa's global destination competitiveness (SAT, 2014). Travel agencies are one of the categories to be recognised. The Lilizela Award provides an opportunity for travel agencies to review their internal service quality measuring tools which are paramount for the development of competitive advantage for the agency. This research paper aims to investigate the service quality perceptions of travel agencies by the staff of Tourism KwaZulu-Natal.

## **1.5 Objectives**

The key objective for the study is to determine:

- 1.5.1 Determine clients' expectations about the quality of services offered by travel agencies. (Section B of the questioner covers this objective).
- 1.5.2 Evaluate the service quality perceptions within travel agencies. (Section C of the questionnaire covers this objective).
- 1.5.3 To determine the gaps between perceived performance and expectations for quality services at travel agencies and report thereon.
- 1.5.4 To propose a way forward to improve quality of service within travel agencies.

## **1.6 Important research questions relating to the study**

- 1.6.1 What are the Tourism KwaZulu-Natal staff's service quality expectations on the dimensions of tangibility, reliability, responsiveness, assurance and empathy of travel agencies?
- 1.6.2 What is the Tourism KwaZulu-Natal staff's perceived quality on the service quality dimensions of tangibility, reliability, responsiveness, assurance and empathy of travel agencies?
- 1.6.3 What are the service quality gaps evident in the perceptions and expectations of Tourism KwaZulu-Natal staff on travel agencies?
- 1.6.4 How will the study help in providing tools improving the service quality of travel agencies?

## **1.7 Limitations of the study**

For this study, the author will be subjected to the following limitations:

- 1.7.1 The study assessed the expectations and perceptions of service quality which are limited to individuals and also subjective in nature. Although the SERVQUAL

tool was used to measure data, the process was shortened due to MBA timeframe which may have influenced the validity and reliability of data.

- 1.7.2 The study focused only on staff of Tourism KwaZulu-Natal which is a limitation in terms of diversity of the broader population outside of the organisation that could've participated in the survey.
- 1.7.3 The smaller percentage of population is regular travelers as opposed to the bigger percentage of lower level staff.
- 1.7.4 The study had a limited time frame and unfortunately it didn't allow for other stakeholders to participate providing a broader pool of participants.

## **1.8 Hypotheses**

- 1.8.1 **Hypothesis 1:** Hypothesis statement: there is a statistically significant difference in the expectations and perceptions of service quality dimensions between males and females.
- 1.8.2 **Hypothesis 2:** there is a statistically significant difference in the expectations and perceptions of service quality dimensions between age groups
- 1.8.3 **Hypothesis 3:** there is a statistically significant difference in the expectations and perceptions in the use of travel agency.

## **1.9 Research methodology of the study**

The type of research used for this study is the combination of descriptive and explanatory methods to analyze data; therefore, quantitative approach to data analysis is employed. Data was collected through questionnaires and sent by email to the respondents by the researcher. The total population 55 staff members of Tourism Kwazulu-Natal consist of executive management, senior management, middle management coordinators and administrators and further general staff.

## **1.10 Structure of the research**

### **Chapter one: Introduction**

Chapter one provides a detailed introduction to the study in terms objectives and research questions to be assessed. The chapter further outlined key insights in terms of research methods and statistical tools to be applied.

### **Chapter two: Literature Review**

The literature review outlines detailed insights into the available literature on the subject matter. This commences with defining terms that have been used in this study. Then it provides an empirical overview of how travel agencies have developed over time due to the fierce global competition that has grown over the past years. The chapter then discusses the relationship between service quality, perceived value, service recovery strategies, and customer satisfaction and loyalty. Furthermore, various models of 'service quality' which relate to 'customer satisfaction' are explored. Lastly, issues regarding the expectations and perceptions of customers, staff and managers are explored.

### **Chapter three: Research Methodology**

The chapter looks at the research design and methodology to be utilized in this study. It further discusses the versatile issues related to research design, research instruments, sampling procedures and processes, as well as, pretesting and validation. The study will use the combination of descriptive and explanatory methods to analyze data; therefore, quantitative approach to data analysis is employed. The quantitative nature of this study requires the utilisation of surveys/questionnaires as data collection methods. These terms are further explained in the chapter.

### **Chapter four: Data Analysis**

Chapter four outlines an in-depth analysis of the data collected through questionnaires. These questionnaires were administered to the 55 staff members. The chapter captures the results from the data and interprets both descriptive and inferential statistics utilised



to produce detailed analysis. Previous literature is also used to compare and support the results.

### **Chapter five: Conclusions and recommendations**

Chapter five presents key findings and outlines recommendations for travel agencies to develop mechanisms to introduce service quality programmes. The chapter further outlines direction for future research studies to be considered.

#### **1.11 Summary**

The chapter outlined a detailed introduction to the study in terms objectives and research questions to be assessed. Chapter two reviews the literature to be used.

## **CHAPTER TWO**

### **Literature review**

#### **2.1 Introduction**

Chapter two delivers in-depth analysis of the literature utilised in this study. It begins by defining terms that have been used in this study. Then it provides an empirical overview of how travel agencies have developed over time due to the fierce global competition that has grown over the past years. The chapter then examines the association of service quality in relation to perceived value and service recovery strategies with customer satisfaction and loyalty. Furthermore, various models of 'service quality' which relate to 'customer satisfaction' are explored. Lastly, issues regarding the expectations and perceptions of customers, staff and managers are explored.

#### **2.2 Definition of terms**

##### **2.2.1 Definition and characteristics of service**

'Service' has been defined in Kotler (1988) as an act or performance offered by one party to another. The service is intangible and result in ownership of anything (Beedassy, 2002:11). The greater the quality of a service usually provides higher benefits to resulting in meeting customer needs and expectations. When buying a service, therefore, customers, the organisation and its staff perceive the benefits of the service (Slack, Chambers & Johnson, 2001, cited in Beedassy, 2002: 12). The study explores service quality in detail to identify gaps between expectations and perceptions.

**Perceived value:** Zeithaml (1988:14) defines perceived value as the buyer's inclusive assessment of the ability of a product in meeting expectations based on perceptions of product offering.

**Service recovery:** This is defined as the positive customer reaction when a company rectifies a service failure (Fu & Mount (2007). It has, later, been further defined as the

successes a company obtains upon improving on a dismal service, and a positive status of emotion is perceived by customers (Kuo et al. 2013:806).

**Customer satisfaction** is defined in the expectancy-disconfirmation theory developed by Oliver (1980) as the perceived difference in the course of preceding expectation and perceived performance after consumption. Customer satisfaction refers to a customer's level of fulfillment following a comparison between expected and perceived performances (Kou, et al, 2013).

**Customer loyalty.** In Oliver (1999), customer loyalty has been defined as an obligation to re-purchase or re-utilise an ideal product or service regularly in the future.

### 2.3 The differences between manufacturing and services organisations

Manufacturing and service organisations differ in the sense that with regards to manufacturing, goods are produced, while with services are act-oriented (Stevenson, 1999). Table 2.1 below differentiates manufacturing organisations from services organisations.

**Table 2.1 Difference between goods production and service operations**

<b>Characteristics</b>	<b>Goods</b>	<b>Services</b>
Output	Tangible	Intangible
Customer contact	Low	High
Uniformity of input	High	Low
Labour content	Low	High
Uniformity of output	High	Low
Measurement of productivity	Easy	Difficult
Opportunity to correct quality problems before delivery to customers	High	Low

**Adapted from: Budassy, 2002.**

The above table highlights the differences between goods and services operations.

### **2.3.1 Output**

Goods are tangible, that is, they can be touched, felt and seen, while, services are intangible (Beedassy, 2002:13).

### **2.3.2 Customer Contact**

With regards to services, there is high consumer contact than in manufacturing. In assessing the performance service, this is mostly experienced at consumption phase whereas from a product on the other hand, it occurs away from the consumer. This allows for a fair scope in the selection of appropriate work approach, assigning jobs, scheduling work and effecting control over operations (Beedassy, 2002: 13). Services possess limited range of options due to their nature of contact with consumers, while product-oriented operations easily build-up inventories which allow them to absorb major blows caused by varying demand. Furthermore, service operations cannot build up inventories of time and are sensitive to demand.

### **2.3.3 Uniformity of inputs**

Services orientated operations involve more variable inputs than manufacturing. For example, each industry, such as health, legal or a car repair centre requires a specific diagnosis to a problem so as to tailor a suitable solution. On the other hand, manufacturing operations are able to control the variability in outputs. As compared to services, job requirements for manufacturing are usually uniform.

### **2.3.4 Labour contents of job**

A services organisation requires highly skilled and intensive labour especially when it comes to service offered. Services delivery is mostly labour intensive and does not require automation while manufacturing, although not all industries, requires automation. It must be noted though that some manufacturing have exceptional labour intensive requirements especially where labour costs are lower.

### **2.3.5 Uniformity of output**

Since manufacturing involves high mechanisation, this enables a smooth and efficient process in generating products. This also ensures products with low variability. On the

other hand, the services industry tends to have a slow and awkward with higher variable output.

### **2.3.6 Measurement of productivity**

As manufacturing requires high degree of uniformity, measuring productivity is mostly simple with less effort. Measuring productivity in the service operations tends to be more difficult and complex due to variations and intensity in demand.

### **2.3.7 Quality Assurance**

With regards to services, quality assurance becomes more challenging when production and consumption occur at the same time. In addition, the higher variability of input creates additional opportunity for the quality of output to suffer unless quality assurance is actively managed (Beedassy, 2002: 15). Quality, at the point of creation, becomes more significant for services than for manufacturing where errors can be easily corrected before the customer receives the input.

## **2.4 Gaining competitive advantage**

Travel agencies have faced fierce competition in the past years such that some of them, which are mostly family owned, incorporated a strategy of price-cutting in order to entice customers and thereby keep their businesses operating (Beedassy, 2002: 1). The price-cut has resulted in many of the travel agencies closing down. In the face of the declining survival of travel agencies, the very few left have worked to ensure excellent service quality for their customers at all levels. Service quality is considered a critical factor by these businesses since it creates a differential advantage over their competitors (Johnson & Sholes, 1999). The differential advantage incorporates expectations, reliability, responsiveness, assurance, empathy, repeat purchases and increase in market share. Not only does a differential advantage enhance the company's image but also enables companies to reap the benefits of easily attracting new customers, increasing market share, customer satisfaction and loyalty, improved employee morale and lower staff turnover leading to increased profitability (Beedassy, 2002: 15). This is

further supported by additional research (Lobo, Maritz & Mehta, 2007; Moliner, Sanchez, Rodriguez & Callarisa, 2007; Zhu, Cole & Card, 2007) that improved customer service leads to enhanced repeat patronage, customer loyalty and increased profits.

Studies have revealed positive relationships between service quality, customer satisfaction and loyalty in the travel industry (Tian-Cole, Crompton & Wilson, 2002; Lee, Graefe & Burns, 2004). Other studies have further highlighted that customer satisfaction plays a mediator role between service quality and loyalty (Karatepe, 2006; Maxham III & Netemeyer, 2002). Customers become loyal to a business that is reliable to them. It is, however, noted that although travel agencies have attempted to improve service quality in order to develop customer loyalty, it has become increasingly difficult to achieve customer satisfaction (Kuo, Chang, Cheng and Chia-Hui Lai, 2013).

Since travel agencies face huge threats of direct competition from airlines which are bent on doing off with intermediaries, from the internet and other technological tools, it has become imperative that they maintain and safeguard the service quality and a sustained relationship between the service providers and customers in order to survive in the travel agency industry (Beedassy, 2002). This is significant since service quality results in customer retention (Reichheld & Sasser, 1990). This means that if service quality is improved businesses can easily retain customers.

In addition, other studies have discussed perceived value (Lee, Yoon, & Lee, 2007; Sanchez, Callarisa, Rodriguez, & Moliner, 2006). This is the value that customers expect to obtain through purchasing a service. Perceived value has received increasing interest from studies due its moderating role in predicting the purchasing behaviour of customers while at the same time also achieving a sustainable competitive advantage (Anderson & Srinivasan, 2003). In Zeithaml (1988:14) perceived value has been defined as the consumer's comprehensive valuation of the efficiency "of a product based on perceptions of what is received and what is given." Zeithaml (1988:14) describes varieties of values as low price, benefits of product, value for money. This means that perceived value results from an assessment of the relative benefits and costs or sacrifices associated with the offering. (Kuo et al., 2013) defines perceived value as a

consumer's assessment of the net worth of the service based on the value that the product provides.

Zeithaml (1988) proposed a model in which he based customer's perceived value on factors, such as, perceived price, perceived quality, and sacrifice. With regards to customers' perceived value scale in this study incorporated items covering the trade-off between what is received (quality and benefit) and what is given (sacrifice and price) by customers. The items for the perceived value construct were adapted from Chang et al. (2009). Most studies have documented a positive correlation between perceived value and the intention to purchase or repurchase (Chen & Chen, 2010; Parasuraman & Grewal, 2000; Ryu et al., 2008). It has been noted that when perceived value is low, customers are more inclined to switch to competing businesses, resulting in the decrease in customer loyalty, as well as customer retention. Researchers have, thus, considered perceived value as a major predictor and a significant moderating variable between customer satisfaction and loyalty (McDougall & Levesque, 2000; Petrick & Backman, 2002).

A study by Gallarza and Saura (2006) which explored relationships among service quality, customer satisfaction, perceived value, and customer loyalty in the tourism and travel industry amongst Spanish university students who had been on a group tour, indicate that service quality significantly affects customer satisfaction, while also, perceived value affects customer loyalty. Customer satisfaction was found to be not the only variable that determines repurchase intention, but perceived value also impacted repurchase behavior and customer loyalty.

Parasuraman and Grewal (2000) indicate that perceived value influences customers' decision processes and affects their intentions to endorse the service and repurchase. Perceived value together with service quality and customer satisfaction have all been identified as essential forecasters of customer loyalty (Chang, Wang, & Yang, 2009). In another study, perceived value has been viewed as a partial mediator between customer satisfaction and customer loyalty (Anderson & Srinivasan, 2003). In this study,

clients' expectations about the quality of services offered by travel agencies are determined, and evaluation of service quality perceptions within travel agencies in Durban is made. As service recovery and perceived value have become phenomenal factors in the travel industry, a more comprehensive measurement of service recovery and perceived value is essential (Kuo et al, 2013). Most researchers have opted for the SERVQUAL model, a 22-item instrument developed by Parasuraman, Zeithami and Berry (1988) to measure customer perceptions of service quality in the travel industry (Fick & Ritchie, 1991; Lam & Zhang, 1999; Zhu et al., 2007). This study, also, adopted SERVQUAL model.

It is crucial that satisfaction should also be defined in this study since it is its important component. The expectancy-disconfirmation theory developed by Oliver (1980) defines satisfaction as the perceived difference amid preceding expectation and perceived performance after consumption. Scholars have further discovered 'Expectancy-perceived performance' to be an effective predictor of satisfaction (Chen & Chen, 2010; Chen & Tsai, 2008; Millan & Esteban, 2004). Most researchers agree that a good definition of customer satisfaction incorporates an evaluation process since this is considered the most effective measure of customer satisfaction. Although some researchers have proposed a number of definitions for the concept of customer satisfaction, this should be viewed as an essential process of evaluation. This study adopts the notion that customer satisfaction refers to a customer's level of fulfillment following a comparison between expected and perceived performances (Kou, et al, 2013).

In addition, not only has customer loyalty resulted from customer satisfaction, but has also been regarded a key driver of a firm's long-term sustainability. In Oliver (1999) customer loyalty has been defined as a commitment to re-purchase or re-utilise a product or service regularly in the future. Furthermore, Oliver (1999) clusters customer loyalty into four phases, namely, cognitive loyalty, affective loyalty, conative loyalty, and action loyalty. Most scholars employ conative perception, also termed behavioural intentions, to measure the diversity of loyalty (Bosque, Martin, & Collado, 2006; Chen &



Tsai, 2008; Yang & Peterson, 2004). This study adopts the definition that customer loyalty refers to a commitment to repeatedly purchase (behavioral intention) a preferred product or service in the future. Numerous studies indicate a positive correlation between service quality and customer satisfaction (Baker & Crompton, 2000; Lee et al., 2004; Kang, Okamoto, & Donovan, 2004). It is indicated that customer satisfaction can be increased by high-quality products and services (Mey, Akbar, & Fie, 2006). Similarly, the more satisfied customers are, the more loyal they will be (Chang et al., 2009). This means that a satisfied customer will be more inclined to repurchase the same product or service (Bosque et al., 2006, Kuo et al., 2013). For retaining customers, the key factor is the level of customer satisfaction (Millan & Esteban, 2004). It can therefore predicted that customer satisfaction works as an essential mediating construct between service quality and customer loyalty.

In any service company delivery failure is sometimes an expected predicament. (Holloway & Beatty, 2003; Mattila & Cranage, 2005). A service delivery failure occurs when the quality of service fails to deliver on a promise and meeting customer expectations (Lee & Sparks, 2007), thus resulting in reduced customer satisfaction (Kuo, et al. 2013). In the travel industry, service failures occur when customer expectations are not met (Kuo et al., 2013). Michel (2001: 22) maintains that expectations consist of customers' prior experience, exposure to advertising, word of mouth and personal needs. When service failure occurs, customers often respond by complaining, generating negative word-of-mouth, and in some cases move to a competitor (DeWitt, Nguyen, & Marshall, 2008). When customers complain, they expect prompt and reliable service recovery from the business where they always purchase products or services. They have in their possession expected or perceived service recovery which the business must live up to.

This study also explores the interrelationships among service quality, customer satisfaction, and customer loyalty. Kuo et al., (2013) maintains that customer-perceived service recovery moderates the relationship between service quality and customer satisfaction. Furthermore, service recovery will lead to differences in the relationship between service quality and customer satisfaction (Kuo et al., 2013). Service recovery has been defined as the positive customer reaction when a company corrects a service

failure (Fu & Mount (2007). Kuo et al., (2013) defines service recovery as the success that a company experiences in improving the failed service, and a positive status of emotion is perceived by customers (Kuo et al., 2013). Various researchers who have investigated the link between customer satisfaction and service recovery (Kim, Kim, & Kim, 2009; McCollough, Berry, & Yadav, 2000; Ok, Back, & Shanklin, 2005) have suggested that proper service recovery has the ability to repair or restore customer satisfaction (Michel, Bowen, & Johnston, 2009), and eventually win customer support (Wirtz & Mattila, 2004). It has been suggested, therefore, that travel industries develop effective service recovery strategies in order to react to service failures, increase repeat patronage intentions and maintain long-term relationships with their customers (Chang & Hsiao, 2008; McColl-Kennedy, Daus, & Sparks, 2003; Schoefer & Ennew, 2004). The service recovery strategy that an agency uses greatly impacts customer satisfaction within the travel and tourism industry in the event of service failure (Levesque & McDougall, 2000).

On the other hand, poor service quality produces lack of responsiveness to the customer, dissatisfied customers, complaints and bad word of mouth, frustrated staff and a continuing downward spiral in overall performance and profitability (Rust, 1994). Travel agencies, therefore, need to develop proper service recovery plans that will assist them in the identification of areas of customer dissatisfaction, and to make proactive recovery in cases of poor service quality and service failure (Michel, 2001, Kuo, et al, 2013: 804). An effective service recovery can assist in improving customer satisfaction and maintaining positive relationships with customers (Varela-Neira, Vazquez-Casielles, & Iglesias- Arguelles, 2008). This, then makes it imperative for companies to have systematic service recovery policies and programs in place if they intend maintaining satisfied and loyal customers (Valenzuela, Vasquez-Parraga, Llanos, & Vilches, 2006).

Furthermore, studies have indicated that customers, in their efforts to evaluate service recovery efforts, highly view perceived fairness as a strong driver of customer satisfaction with the recovery efforts of an agency (Kim et al., 2009; Michel et al., 2009). This means that customers who feel that they have been fairly treated during a service

recovery effort have a tendency to be loyal to the agency (Chang & Hsiao, 2008; Chebat & Slusarczyk, 2005). Smith, Bolton, and Wagner, (1999) utilised a justice theory framework to explain customer evaluations of service provider reactions to service failure. Accordingly, there are three dimensions of perceived justice, namely; distributive, procedural and interactional justice. Distributive justice (DJ) refers to the substantive compensation awarded a customer during service recovery (Smith et al. (1999). Procedural justice (PJ) refers to the speed (promptness) with which a recovery process is started and completed following a service failure. Procedural Justice evaluates the responsiveness of the agency to the complaints of the customer during service recovery, that is, does it provide prompt service to clients? Interactional Justice (IJ) is whether the operator or employee is appropriate and sincere in their interaction with a customer during service recovery. Interactional justice makes evaluations with regards to characteristics, such as, reliability, assurance and empathy (Smith et al. (1999).

With regards to reliability, it assesses whether a travel agency is dependable, provides services as promised, and has employees that are dependable in handling clients' service problems. It also assesses if employees keep clients informed about when services will be performed, and has employees that are always willing to respond and help clients and their requests. With regards to assurance, it ensures that it has employees who instill confidence in clients, has employees that make clients feel safe in their transactions, has employees who are consistently courteous, and has employees who have the knowledge to answer clients' questions (Smith et al. (1999). With regards to empathy, interactional justice evaluates if the agency has employees who give clients individual attention, employees who deal with clients in a caring manner, employees who have the clients' best interest at heart, and employees who understand the needs of their clients. These three dimensions of justice discussed above coincide with the current study's objectives making it a necessity for this study to use them to measure service recovery construct.

It has been indicated in the current study's objectives that it aims to determine clients' expectations about the quality of services offered by travel agencies and evaluate the

service quality perceptions within travel agencies in Durban. In addition to this, the study aims to determine the gaps between perceived performance and expectations for quality services at travel agencies and report thereon. This was done through exploring service recovery as a moderating variable. This specifically looked at the moderating effects of service recovery on the relationship between service quality and customer satisfaction (Kuo, et al., 2013). The study intends proposing a way forward to the improvement of service quality within travel agencies.

## **2.5 Characteristics of services**

Doyle (1994) and Stevenson (1999) highlight the following significant qualities for services:

### **2.5.1 Intangibility**

Services are intangible. This means that a customer cannot touch, smell or see them before purchasing them. Intangibility refers to the fact that there is no perception of the service's characteristics before being performed. Services can be intangible during and after delivery.

### **2.5.2 Inseparability**

This refers to the fact that service operations production and consumption are inseparable, meaning that a service can be consumed at the same time it is produced. It has been stated in many studies that consumers of services are not isolated from service 'production processes'. In fact, usually, they are directly involved in the transaction and are part of the service delivery system (Marinkovic et al. 2013).

### **2.5.3 Heterogeneity**

This refers to the inability to apply quality standards to services to ensure an identical service output since so much depends on the co-operation and participation of individual customers. This means that services are immeasurable, untestable and cannot be verified in advance of sale to assure quality. Their performance, therefore, varies from firm to firm, from customer to customer, and from day to day.

### **2.5.4 Perishability**

It is impossible to store finished goods. This means that, for instance, the productive capacity of an airline is wasted, if the flight leaves with only half its capacity. Conversely, if the demand for that service exceeds supply for that particular flight, the excess may be lost (Beedassy, 2002: 16). In order to overcome problems related to perishability and uneven demand for services, attention should be paid to production scheduling and demand forecasting.

### **2.5.5 Ownership**

With regards to the degree of ownership, with a product, a customer can benefit maximum use and reap all the benefits the product provides, whereas, with service, a customer may have personal access to it for a limited time. Although it is not always apparent what a service is and what it does to a customer since it is ephemeral, by understanding what characteristics connote highly to customer, what attributes as service should possess to meet customer needs as well as what levels of performance on those characteristics are necessary to deliver higher quality service, service providers may be able to satisfy their customers (Beedassy, 2002; 16).

## **2.6 Trends in service design**

Emphasis on trends in service design has increased over the years. The following aspects of design have been increasingly emphasized;

- Customer satisfaction and increased pressure to be competitive,
- Reduction of time needed to introduce a service,
- Reduction of time needed to produce a new service. This is necessary because reduced production time results in lower cost higher quality;
- Designing services that are user-friendly.

These aspects are significant because in the competitive environment obtaining new or improved services to the market ahead of competitors provides a business a

competitive advantage which will lead to profitability and increased market share (Marinkovic et al. 2013).

## **2.7 The significance of quality**

Quality is one of the most salient factors to be considered in the production of services. According to Marinkovic et al., (2013:186) quality is defined by a grade of a product, such as, 'ÜSDA Choice' or 'grade A' eggs. Quality can also refer to materials, workmanship or special features, such as, "waterproof" or "subtle aroma". Moreover, quality may be defined or rated as 'cheap' or 'expensive'. Marinkovic et al., (2013: 186) ascertains that attempting to define quality may be challenging since quality may incorporate different implications to different individuals due to various personal attitudes. In this manner, what might appear superior quality to a customer may not be judged as such by another. Stevenson (1999) maintains that the dimensions of customer perspective vary from product to product, as well as between product and a service, and these may be termed 'çharacteristics'. According to Stevenson (1999), these dimensions include performance (main characteristics of the product or service; aesthetics (appearance, feel, taste, smell); special features (extra characteristics); conformance (how well a product or service corresponds to the customer's expectations; safety (risk of injury or harm); reliability (consistency of performance); durability (the useful life of the product or service); perceived quality (indirect evaluation of quality, such as, reputation), and service after sale (handling of complaints or checking on customer satisfaction).

Due to the above dimensions, service quality has been seen to be revolving around the notion of perceived quality. Zeithaml (1987) describes perceived quality as the global customer's value judgment on the overall superiority of an entity. Marinkovic et al., (2013: 186) argues that perceived quality should not only be viewed as a customer's attitude towards a service, but it should be a reminder to everyone involved in the services industry that the only quality that counts in services begins and ends with the customer, which eventually leads to a more trustworthy relationship between a business and its client (Eisingerich & Bell, 2008). Due to complexity it is often not easy to

understand quality in services. Most studies have introduced various models in an attempt to explain what affects quality in services, as well as, to measure the overall service quality (Senic` & Senic`, 2008). The aim of these models is to provide a comparison between the expected service and the actual service quality levels perceived by customers (Marinkovic et al., 2013: 187).

However, when researchers attempt to measure customer satisfaction regarding quality, they are confronted by various issues and challenges (Maričić, 2008 cited in Marinkovic et al., 2013: 187). This is because satisfaction is a latent variable that incorporates customers' subjective perception concerning the quality of a product or a service. Additionally, measuring satisfaction does not only constitute customer's experiences but also their expectations regarding the product or service quality. Of great significance, also, is the suitability of the attributes that are being measured. Researchers need should ensure that they recognise and isolate relevant variables to guarantee representability of the sample and avoid unnecessary problems that may arise due to unsuitable attributes that they may be measuring. It is, therefore, necessary to not only measure total satisfaction but also several parameters that can be utilised to confirm customer's satisfaction level the products or services. On top of this, it is imperative to identify the principal reasons leading to satisfaction, while also segregating variables that surface as a result of satisfaction.

While measuring customer satisfaction is important, it is equally significant to measure customer dissatisfaction as well. This is because travelling agencies need to understand the nature of factors which may create a sense of dissatisfaction in their customers regarding their services. Recent studies have confirmed that a set of factors existed which negatively affect customer satisfaction. Two such studies confirmed that tourist dissatisfaction resulted from, firstly, poor quality of communication between them and the employed personnel, and secondly, insufficient competencies of employees (Lee et al., 2011; Song et al., 2011; Blackwell et al., 2006: 186). Results also indicate that customers who associated their dissatisfaction with product malfunction or with sales persons (external causes) are more persuaded to complain in comparison to those whose dissatisfaction resulted from poor brand selection of a product/service (internal

causes) (Marinkovic et al., 2013: 186). These studies also suggest that the more educated customers were, the more likely they were to complain, largely due to their level of education, higher income and more pronounced involvement in social interactions (Marinkovic et al., 2013: 186). Customers with lower incomes were found not to complain as often, as they did not understand how complaining would solve their problems (Marinkovic et al., 2013:186). Other customers chose not to complain even though they had experienced some problems because they felt that it was an unpleasant process which could result in confrontation with the company (Lovelock and Wirtz, 2004). Since mistakes, failures to meet previously given promises, and complaints are elements of the daily work of travel agencies, it has become imperative for them to develop an efficient complaint management system as a means of improving their relationship with clients (Marinkovic et al., 2013: 186).

## **2.8 The service encounter**

The focus on quality and customer satisfaction draws attention to how each service encounter between the firm's representatives and the customer is managed (Beedassy, 2002). Carlzon (1987) refers to service encounters as the "moments of truth". In his argument, Mattsson (1994) maintains that a person-to-person encounter is a dynamic interaction process. Good encounters with customers often give a firm a competitive edge and will most likely result in repeat purchases (Beedassy, 2002: 23).

According to Bitner et al. (1990 cited in Beedassy, 2002: 23 ), most customers become satisfied due to service encounter mostly if the employees possess the ability, willingness and competence in solving their problems. Both Bitner et al. (1990) and Hartline and Ferrell (1996) agree that when employees are able to adapt to the customer's special needs and requests, customers' perception of the service encounter is enhanced, and this thus becomes the significant determinant of customers' perception of service quality.

In addition, in a case where there is no tangible evidence that the service customers are buying is of good quality, customers often use the appearance and the manner in which



the front-line staff handle themselves in front of customers, as well as, the purchasing process to decide whether or not to make a purchase (Baron & Harris, 1995).

It is also true that each service encounter offers the company an opportunity to reinforce its commitment to customer satisfaction, however, evaluation of each service encounter cannot be perfectly correlated to the customer's overall satisfaction with service quality (Bitner et al. 1994). It most likely that after multiple positive or negative encounters the overall high or low level of satisfaction may be perceived (Bitner et al. 1994). According to Slack et al. (2001) firms can make their customers satisfied if the encounters not only encompass their employees but also all aspects of that firm which customers may interact with.

## **2.9 The Service Quality management framework**

Gronroos (1990) presented a general framework for managing service quality. According to him there are three sets of perception of service quality.

- **The Management Perception** of Desired Service Quality (A).
- **The Employee perception** of Desired Service Quality (B).
- **The Customer Perception** of Desired Service Quality (C).

### **2.9.1 The Management Perception**

On the management perception level, the following are done; the setting of policies, analyses of market demands, requirements concerning quality, and of internal perceptions of quality level, as well as, performance among employees (Beedassy, 2002: 23). This knowledge is imperative so that quality specifications can be made, and internal marketing and desired performance may be decided and implemented. External marketing programs also planned on this level, as well as, ex post facto quality control measurements are made.

### **2.9.2 The Employee Perception**

On this level, the quality and performance standards are expected to be met through the manner in which the company operates. Employees in various functions perceive

quality specifications and are therefore, to a certain extent, willing and able to perform according to the specifications (Beedassy, 2002: 24). The staff that interacts with customers are ready to follow up customer demands and wishes, and control the quality of service delivered in the buyer-seller interactions immediately when changes in the initial demand and quality problems occur.

### **2.9.3 The Customer Perception**

On the customer perception level, it is decided if the quality level is acceptable or not. Customers come with an expected service quality, and experience a certain quality which depends on what they receive and how they receive it during interactions with the company (Beedassy, 2002: 24). The quality is evaluated by the customers and the result is the total Perceived Service Quality. In this model, the need for effective internal marketing is recognised as significant ingredient in reaching and satisfying the needs of external customers. Work on the internal customer within a firm has accelerated within the last decade highlighting the significance of a supportive relationship between the institution and the various groups that work within it and its employees individually (Parasuraman et al. 1985). This approach is known as Total Quality Management (TQM). Stevenson (1999) defines TQM as a philosophy incorporating everyone in the organisation in a continual effort to improve quality and achieve customer satisfaction. Quality has evolved from a discipline relegated to inspectors and technicians to a strategic focus and process oriented approach to management that commands the attention of all employees, from chief executive officers and presidents to front line workers (Bounds et al, 1994).

### **2.10 The models of Service Quality**

Researchers have designed several models regarding service quality which though similar, namely expected performance-perceived performance), but differ with regards to terminology and nuances. Researchers agree that perceived quality is governed by the magnitude and direction of the gap between customers' expectations and their perceptions of the service or product (Beedassy, 2002: 24).

According to Slack et al (2001), if customers' expectations exceed their perceptions, then perceived quality becomes poor, however, if customers' expectations are lower than their perception, then perceived quality is good. Using this concept, several models have been designed. Three of these will be discussed in this study.

### **2.10.1 The Gronroos Model**

Gronroos (1984) believed that there are two key dimensions that customers use to compare the service they encountered or experienced and the service they expected. Those were functional quality (a process by which the service is delivered and the technical quality - an encounter of a service). Dagger and Sweeny (2006 cited in Marinkovic et al., 2013: 187) further support this notion stating that the two quality dimensions have not only a considerable impact on shaping a corporate image in the customer's mind, but also to a great extent, they impact consumers' future behavioural intentions. On top of these, Gronroos (1984) incorporated image as a mediating variable which impacts perceived quality. Therefore, Gronroos' model of service quality consists of three dimensions, namely; technical, functional and image quality.

#### **2.10.1.1 Technical Quality**

Gronroos (1984) believes that the technical outcome of the process (what is received by customer as a result of his interactions with the service company) is vital to the customer and to the engaging process after purchasing or receiving the service. A customer can measure technical quality dimension objectively, for instance, in terms of skills, product knowledge of the service provider, mechanisation, and the know-how or technical solutions of the problem (Gronroos, 1984). The customer is swayed by the manner in which the technical quality is transferred to him functionally (Beedassy, 2002: 26).

#### **2.10.1.2 Functional Quality**

The functional quality dimension concerns "the psychological interaction between the customer and the customer-contact employee" (Beedassy, 2002: 27). It is perceived subjectively and incorporates elements, such as, attributes and behaviour of employees, appearance and personality of service personnel, interrelationships

between customer and employees, and service mindedness and approachability of staff (Beedassy, 2002: 27). Gronroos (1984) argues that the customer is not only interested in what he receives as a result of the production process, but also in the process itself and how he obtains the technical quality (functionality).

#### **2.10.1.3 Image Quality**

Corporate image is the outcome of how the customer perceives the firm. Customers often see services as the most significant part of a firm. The company's image can therefore be expected to be built up mainly by the technical quality and functional quality of its services, and will thus affect service perceptions (Beedassy, 2002: 27). According to Gronroos (1984), even though the three dimensions towards customer evaluation of total perceived quality are equally vital, the functional quality sometimes become the most significant than the technical quality dimension.

### **2.11 Measuring Service Quality using the SERVQUAL model**

In order to offer sustained and continuous high levels of service quality, organisations need to constantly measure and monitor service quality they are offering to their customers. As soon as the organisation knows its relative competitive position regarding service quality, they can then refine their service quality standards, design their service delivery system to monitor and control service quality, and then begin to use excellent service quality as a competitive weapon in the market place (Collier, 1990). In the recent study of assessing service quality in the travel agencies in Macedonia, the study by Akroush, (2009); Cronin (2003); Caceres & Paparoidamis (2007); Akroush (2008); Frischmann & Gensler (2011); Oliver (2010); Gupta & Zeithaml (2006); Coelho & Vilares (2010); Ekinci, Zeglal, & Whyatt (201); Yee, Yeung, Cheng & Lai (2009); Lariviere (2008 cited in Ciunova-Shuleska et al 2013: 23) is acknowledged as much effort was invested in the conceptualization and measurement of service quality and its effect on business performance.

Literature has indicated a number of service quality models, namely; the SERVQUAL and Gaps Model developed by Parasuraman et al. (1991, 1994); the Three Component

developed by Rust and Oliver (1994); the Disconfirmation of Expectations Model developed by Oliver (1997) and the Nordic Model developed by Gronroos (2007). This study encompasses the SERVQUAL and Gaps Model. Parasuraman et al. (1985: 41-47) formulated the five gap model as a foundation for the 22-question items-based model for evaluating quality in service- SERVQUAL (Parasuraman et al, 1988). SERVQUAL is a more sophisticated performance instrument developed to measure customers' perceptions of service quality. Later, Zeithaml et al. (2009) developed the SERVQUAL Model to measure customer satisfaction with various aspects of service quality. Furthermore, the SERVQUAL instrument proved to be a valid and reliable instrument with the results of the study conducted in China measuring service quality on travel agencies in South China (Zhou & Pritchard, 2009), showing that there is a gap between expected service and perceived service regarding all five dimensions.

The objectives of the SERVQUAL model have been outlined in Coetzee (2013) as the following:

- The categorization of the dimensions where observations exceed expectancies,
- The analysis of service quality,
- The comparison of service quality amid competitors,
- Analysing the various dimensions and the significance of consumers,
- Analysing different dimensions as observed by various consumer groups.

These objectives are significant because through them a complete examination on service proportions is maintained, and they allow the improvement of organisations in the service industry. Also, through these objectives organisations are able to differentiate themselves from competing organisations. The measurement of the service quality model allows organisations to produce new and exclusive products for new and existing markets. This greatly assists organisations in the acquisition and retention of customers.

Lovelock et al. (2007) indicates that in its basic form the SERVQUAL Model contains a scale of 22 perceptions and a sequence of expectation items, which reflect the five dimensions of service quality, namely; tangibles, reliability, responsiveness, assurance

and empathy. The 22 items were grouped under five determinants presented in the order of their importance as rated by customers, namely;

**Tangibles:** These indicate physical facilities, equipment and the appearance of personnel (Rasli et al. 2012: 87). Bennett et al. (2002) posits that strategies relevant to managing the tangibility of services incorporate considering the impact of the servicescape, together with buildings, interior, exterior, furniture, equipment, and colours; as well as, giving customers tangible items as a record of the service transaction, such as, business cards, brochures, receipts and documents.

**Reliability:** This refers to a firm's capacity to perform promised service in a dependable and accurate manner (Rasli et al. (2012). Bennett et al. (2002) cited in Naidoo and Mutinta (2014) indicates that valuable strategies for guaranteeing reliability of the core service incorporate an understanding of customers' needs and wants through market research, through developing systems and procedures that homogenize service production to safeguard that the delivered core services are reliable and consistent. This ensures that the promises made through marketing communication are realistic and achievable, as well as the management of customer expectations of the reliability of the service (Naidoo and Mutinta, 2014: 222).

**Responsiveness:** This refers to the willingness to help customers and to provide prompt service (Rasli et al. 2012: 87). According to Bennett et al. (2002) approaches aimed at increasing responsiveness involves customizing the service in every possible dimension; determining the customers' perceptions of the service process and outcome; implementing standard procedures that will maximise responsiveness to service situations that may occur reasonably regularly; training staff so that they can respond well when necessary; developing procedure manuals that will assist personnel in responding to customer queries, grievances and demands; and ensuring that customers receive assistance or service in a short period of time.

**Assurance:** The knowledge and courtesy of employees and their ability to convey trust and confidence (Rasli et al. 2012: 87). Bennett et al. (2002) cited in Naidoo and Mutinta (2014: 223) postulate the following strategies as valuable "for assuring customers and reducing the perceived risk associated with the purchase and consumption of services;

creating trust and confidence through the knowledge and skills of contact personnel; creating continuity of service staff; creating an organisation-wide image that reflects the core values of the organisation; building a strong corporate brand image; and using cues such as employee dress, appearance of the interior and exterior of the firm, employee attitudes, visible qualifications and credentials, and pleasant surroundings to reassure the customer”.

**Empathy:** The provision of caring, individualized attention to customers (Rasli et al. 2012: 87). Bennett et al. (2002) indicate that firms can use the following approaches “to show empathy, namely; tailoring service offerings to individual customers; making customers feel significant through the development of long-term relationships, responding to their needs and understanding their concerns; training staff to be empathetic towards the needs of customers; and training staff to know customers by name and by their service needs” (Naidoo & Mutinta, 2014: 233).

The above have been highlighted as the most significant dimensions of quality by those who devised the SERVQUAL instrument (Marinkovic et al., 2013: 187). Each of the 22 items consists of a statement to which respondents give a rating on a 7 point scale ranging from ‘strongly agree’ to ‘strongly disagree’. According to Gronroos (1985), quality contains two dimensions, namely, functional and technical. Functional dimension refers to the manner in which service delivery is being conducted, while technical encompasses the productivity of the service being delivered (Marinkovic et al., 2013: 187). These two quality dimensions have the ability to shape the corporate image in the customer's mind, and this greatly impacts the customer's future behavioural intentions (Dagger & Sweeney, 2006). The identification of this double influence indicates that a customer's perception of a service quality is determined by the convergence of three factors, namely, functional quality, technical quality and corporate image (Marinkovak, 2013: 187).

According to Fonseca (2009), these factors collectively represent the main antecedents of satisfaction. The significance of measuring customer satisfaction arises from the belief that an increase in satisfaction results in customer loyalty (Heskett et al., 1994, Oliver, 1997). Most authorities, however, maintain that quality should not be the only

factor that is used to determine the level of customer satisfaction. Other factors, such as, perceived value, perceived image and price may be used to measure customer satisfaction (Johnson et al., 2001). In the tourism industry, however, measuring satisfaction requires a careful approach since tourist satisfaction often represents a blend of tourist expectations before undertaking travel as well as their overall experience during the travel experience and after the completed journey (Truong & King, 2009).

Research indicates a number of studies that have been conducted using the SERVQUAL model with either five or six latent variables. One study which used six components to measure satisfaction amongst Serbian tourists used tangibility, responsibility, assurance, responsiveness, empathy and satisfaction. Other studies which used only five variables also confirmed findings by previous researchers that high service quality levels were related to high levels of customer satisfaction (Cronin et al., 2000; Brady and Robertson, 2001; Yang et al., 2009). Zeithaml et al. (1996).

It has been indicated that early research was mostly oriented toward exploring relations between service quality – where quality was perceived as an entity not divided into SERVQUAL components - and customer satisfaction. Very few studies have focused their research on analysing correlation levels between each SERVQUAL component a customer satisfaction. When studying customer satisfaction, it is ideal to study a relationship between each individual SERVQUAL components and customer satisfaction (Zhou, 2004). Most studies indicate that such studies have been conducted in the banking sector (Yavas et al., 1997; Arasli et al., 2005; Jamal & Anastasiadou, 2009). One relative study was conducted amongst Serbian tourists and it studied the internet as a means of communication, especially as a channel for purchasing. The findings indicated that Serbian customers still preferred to learn more about their potential travel destinations on recommendations and stories told by their friends or by simply going to a travel agency. They, also, were more likely to share with their friends and acquaintances negative experiences they had with a specific travel agency. However, the majority of them were not willing to lodge formal complaints and/or openly discuss service failures they had endured while being served by a travel agency. The



current study also studies the relationship between individual SERVQUAL components and customer satisfaction, namely, tangibility, reliability, responsiveness, assurance and empathy. The study will use the 22-question items-based model to evaluate quality in service – SERVQUAL (Parasuraman et al., 1988).

## **2.12 Criticism of the SERVQUAL Model**

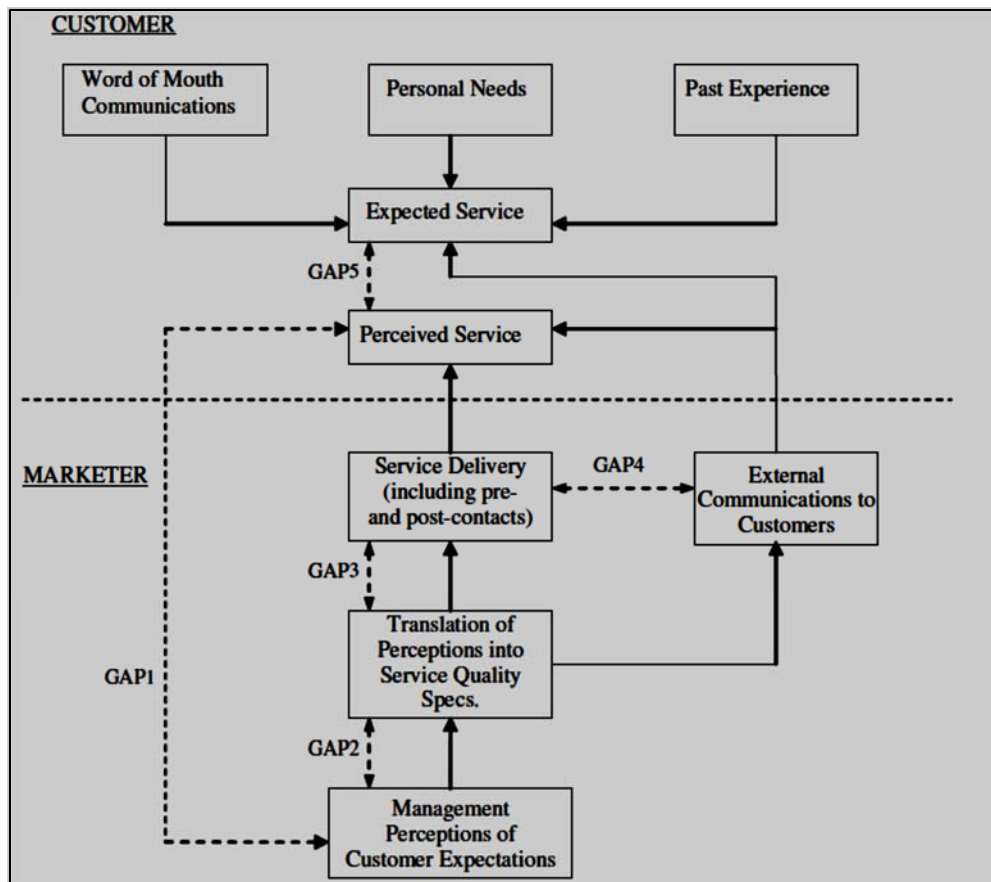
Although the SERVQUAL model has been in use for almost two decades as a foundation for measuring overall service quality, it has come under criticism (Andersson, 1992; Brown et al., 1993; Pantouvakis, 2010). Buttle (1996: 10-11) critiques the model on the theoretical and the operational level. Due to such criticism, many scholars and other professionals have opted for modifying the original SERVQUAL model and developed industry specific models just like the hospitality-sector-related models, such as, HOLSERV, with 27 question items (Wong et al., 1999) or LODGSERV, incorporating 26 question items (Knutson et al., 1990). The best known alternative to SERVQUAL was SERVPERF which was proposed by Cronin and Taylor (1992). It stimulated a huge debate on which of the two models was more effective when it came to predicting service quality. Carrillat et al. (2007) finally proposed that both models were able to indicate overall service quality. Most research conducted which concerned the quality of service delivered by travel agencies were based on the SERVQUAL instrument or some modification of it (Ryan and Cliff, 1997; Lam and Zhang, 1999; Johns et al., 2004). However, it has been noted that the SERVQUAL instrument is not sufficient in measuring quality across various service sectors (Babakus and Boller, 1992; Sachdev and Verma, 2004; Crick and Spencer, 2011). For instance, criticizes the utilisation and application of the SERVQUAL instrument in the tourism domain, and as a result Babakus and Boller (1992) suggest the need for sector- specific measures of service quality. Alternatively, Caro and Garcia (2008) propose a model based on a multidimensional and hierarchical model of service quality, where quality (the factor of the highest order construct) is defined by three second-order dimensions, namely, personal interaction, physical environment and outcome, which are in turn defined by

seven third-order dimensions known as conduct, expertise, problem solving, equipment, ambient conditions, waiting time and valence.

Regardless of the above-mentioned criticisms, the current study selected the SERVQUAL model, with the 22- question items. This study could not adopt the HOLSERV model because the eight items which were modified from the original SERVQUAL model (Wong et al., 1999) fundamentally addressed issues which related to an extended guest's stay within a hotel facility rather than a service encounter occurring within the travel agency, which is central to this study. The LODGSERV model did not fit this study, as well, because instead of measuring customer expectations it only measured the service provider's performance. The SERVPERF's failure to correctly diagnose the customers' expectations of alerting managers about the areas which needed to be addressed so that the perceived quality of service could be improved in the future made the researcher in this study to discard this model (Jain and Gupta, 2004). The SERVQUAL model correlated with the objectives of this study which were to measure and compare customer expectations of the service to be delivered to the actual customer perceptions of the delivered task incorporating the five dimensions of service quality, namely; tangibles, reliability, responsiveness, assurance and empathy (Gronroos, 1988; Parasuraman et al., 1985).

### **2.13 Measuring Service Quality using the Gap Analysis Model**

According to Parasuraman et al, (1985 cited in Beedasy, 2002: 30), if the perceived quality gap is such that customers' perceptions of the service fail to match their expectations of it, then the reason must lie in other gaps elsewhere in the model. These four other gaps could explain a perceived quality gap between customer's perceptions and expectations. Figure 2.1 below indicates the Model of service Quality Gaps.



Source: Parasuraman, Zeithaml and Berry, 1985, p.44

**Figure 2.1: Model of Service Quality Gaps**

The above SERVQUAL gap model demonstrates five gaps that were identified by Parasuraman et al. 1985). SERVQUAL is considered a reliable tool to measure service quality across many industries. The following gaps are explained in detail below:

### 2.13.1 Gap 1 – The customer’s specification – operation’s specification gap

This often takes place when management fails to perceive correctly what the customer wants. This could be as a result of the mismatch between the firm’s own internal quality specification and the specification expected by the customer (Parasuraman et al. 1985 cited in Beedassy, 2002: 30). An example of this could be where a travel agency has a policy of charging for visa applications and processing, while the customer expects this to be free since he buys tickets there.

### **2.13.2 Gap 2 – The concept-specification gap**

Even in cases where the customer's needs are known, the management may fail to define appropriate quality standards, thus resulting in a failure to meet the customer's expectations (Parasuraman et al, 1985 cited in Beedassy, 2002: 30). Poor perceived quality may be as a result of a mismatch between the service concept and the way the firm has specified the quality of service internally.

### **2.13.3 Gap 3 – The quality specifications - actual quality gap**

A mismatch between the actual quality of the service provided and the firm's internal quality specification may result in poor customer's perceived quality. This happens due to inexperienced employees not able to deliver quality service, leading to unsatisfied customers. Furthermore, this could be as a result ineffective control systems (Beedassy, 2002: 30).

### **2.13.4 The actual quality – communicated image gap**

Perceived quality may be affected due to a gap between the firm's external communications not meeting the expectation due to non-delivery of quality service based on the brand promise (Beedassy, 2002: 31). The brand promise is usually delivered through the marketing function thus setting unachievable expectations in the customers' minds or operations not able to provide the level of quality expected by customers. An example of this could be where the advert of an airline shows a cabin attendant replacing a customer's shirt after a spill, only to find that this service may be unavailable when such an incident takes place.

### **2.13.5 The firm's responsibility for closing the gaps**

The existence of gaps has become an major headache for many companies as it has resulted in their products and services failing to meet customers expectation. It is imperative that management takes action to prevent quality gaps. The following Table 2.2 indicates actions to be taken by a firm to close each of the gaps as well as parts of the firm which are responsible for taking the action.

**Table 2.2: The organizational responsibility for closing quality gaps**

<b>GAP</b>	<b>Action required to ensure high perceived quality</b>	<b>Main organisational responsibility</b>
<b>Gap 1</b>	Ensure consistency between the internal quality specification of the product or service and the expectations of customers	Marketing Operations Product/service development
<b>Gap 2</b>	Ensure that internal specification of the product or service meets its intended concept or design	Marketing Operations Product/service development
<b>Gap 3</b>	Ensure that actual product or service conforms to its internally specified quality level	Operations
<b>Gap 4</b>	Ensure that the promises made to customers concerning the product or service can in reality be delivered by the operation	Marketing

Adapted from: Beedassy (2002:32)

The Gap Analysis Model has greatly assisted in the understanding of the customers' service perception and service delivery gaps within the service industry.

## **2.14 Relationship between service quality and customer satisfaction in travel agencies**

The current competitive global environment presents business with endless challenges for survival. One of the major challenges is to maintain customer satisfaction and sustain loyalty. Satisfying customers is only the base line and may not be sufficient for survival (Hu et al 2006). Customers have become sophisticated and require travel agencies to be abreast with current consumer trends especially in ensuring customer satisfaction and maintaining loyalty. This is further supported by Hu et al (2016) stating that management should focus on gaining customer loyalty by enhancing customer perceptions of service quality and increasing as perceived by the consumer value. Service quality has been receiving attention from organisations, academics and marketing practitioners. This has been viewed by many as the catalyst for customers to distinguish competing organisations (Marshall and Murdoch, 2001 cited in Hu et al,

2006: 112). Service quality is also known as contributing to market share and customer satisfaction (Anderson & Zeithaml, 1984; Buzzell & Gale, 1987; Parasuraman, Zeithaml, & Berry, 1985; Zeithaml, 2000 cited in Hu et al, 2006: 112).

A sustainable competitive advantage in the current demanding market environment is depended on an organization's ability to deliver high quality service resulting in customer satisfaction. (Shemwell, Yavas, & Bilgin, 1998 cited in Hu et al, 2006: 112). Customer satisfaction is therefore recognised as one of the key attributes to loyalty as stated by Hu et al (2006). It is however difficult to analyse the relationship between service quality and customer satisfaction. According to Gronroos (1982), he believes that customer satisfaction can be analysed using two dimensions, functional and technical. The functional dimension will determine the manner in which the service is delivered, whereas the technical aspect refers to the output of the delivered service. Parasuraman et al. (1988 cited in Hu et al, 2006: 115) provides another dimension as he attempted to clarify the confusion arguing that 'perceived service quality is a global judgement, or attitude, relating to the superiority of the service, whereas satisfaction is related to a specific transaction'.

Travel agents are constantly faced with fierce competition from all sides. The only way to stand out and capture the fair share of travelling market is by building solid relationships with their clients. This is the view shared and supported through the writing of Visagie (2014:16). This view is further supported by Lessing (2014:16) stating that 'Never underestimate the power of client relationships, the human side of why travel experts continue to thrive and survive. Reliability, assurance, empathy...we care – that's what we are about. Customers are not strangers. Customers are flesh and blood, the backbone of our business; without them we don't exist. Travel agents provide not only a customer service role but also a relationship role'. Fraser and Hunt (2014) further added their views and both agreed that most customers don't mind paying for good service provided they can see the return on investment (ROI) and value.

As seasoned travel agents, Visagie and Lessing (2014), in their writing, provided seven steps on building and maintaining customer relationship:

- **Manage your customers' expectations.**

It is important for travel consultants to manage customer expectations carefully as customers do their research and know a lot however travel agents remain experts.

- **Be pro-active.**

By being proactive, travel agents get to be ahead in keeping client happy. A happy client and happy holiday equals repeat and referral business, which is crucial for travel agents.

- **View problems as opportunities.**

Problems that arise when booking holidays are the ideal chance for travel consultants to show their effectiveness.

- **Be professional at all times.**

Travel consultants should always behave in a professional manner to gain the trust of their clients. This should be carried throughout the contact with the customer, from a professional quotation, website, sales tools to information sheets and other services.

- **Offer the best product.**

Clients should be constantly wowed by under-promising and over delivering. Travel consultants should always strive to offer products and services that they haven't even thought. To build strong relationships with their customers, travel consultants in South Africa should always show that they are reliable, professional and knowledgeable. The right supplier, and successful forging of a strong relationship between the travel consultant and supplier, will ensure that travel consultants can be all these things to their customers. Partnership is key in the travel industry as all players in the value chain become a reflection and endorsement of each other, thriving as one entity and delivering exceptional service, fantastic product and expertise.

- **Be fair**

Travel consultants should always charge a fair fee for the work done and professional service. There should not be hidden costs and lack of transparency.

- **Be personal.**

Travel consultants should share personal experience and the experiences of their customers with new or potential clients. Testimonials are a good reference point.

The other dynamic to be added in the mix is the question of striving for balance between providing best service while satisfying clients and also ensuring compliance with preferred suppliers' agreements. Travel agents are an integral component in the travel value chain. Travel agents also rely on repeat business and referrals by satisfied customers. Rose (1997, cited in Litvin, 2002: 272) further states that service quality creates a competitive advantage by rewarding those providing good service with continuous patronage by loyal clients and improved word of mouth from satisfied customers. Litvin (2002: 272) highlights a very important factor which recognises the fact that travel is an intangible product, therefore providers of service need to recognise the importance of investing in good service as it brings good returns in a form of patronage and loyalty. He further states further that travel agencies in their nature rely on third party suppliers such as accommodation and experiences at destinations to deliver on the promise that often get delivered by travel agents.

De Vries (2014), representing the association advocates that agencies are "agents of the customer and not of the supplier". "We see a focus on the customer as a win-win for every party. If you are servicing your customers properly and they're happy, you'll generate more business for your agency and for your suppliers, therefore ensuring you'll meet your supplier targets." Otto admits, however, that if the number of preferred suppliers a travel agency focuses on is very small, this may impact on their ability to be customer-centric. The counter argument to this is that by focusing on a few suppliers,



travel professionals become experts and can specialise in what these suppliers have to offer.

The recent survey by Boucher (2014:12) in the Travel News Weekly (TNW) a number of travel agencies were asked about the compensation for customers in the case of unfulfilled services by third party. The agencies responded positively as they believe that by compensating their clients, this will build loyalty since most are repeater customers. This is further emphasized by one of the respondents, Jonathan Gerber, director of TAG Travel, says it is not uncommon. "Many customers are repeats and actually provide a type of annuity income; therefore, it is important to ensure that you protect this at all costs." He adds that agents have a reputation to protect. Cases like this, says Jonathan, raise the importance of dealing with a trusted supplier. "The biggest risk is that the customer becomes aware of a problem and starts using another agency anyway," he says.

## **2.15 Service Quality overview of travel agencies in South Africa**

Customer satisfaction has become paramount within the travel agencies in South Africa. Customers utilise services of travel agencies with a view that the staff understands their needs. Travel agencies have become more than just agents in fulfilling a customer's travel needs i.e. processing the customers' travel requirements, from booking a flight, ground transportation, accommodation and excursions at a desired destination; however it has evolved into providing advisory services in assisting customers in selection of an ideal holiday.

According to ASATA (2015), all travel agencies should conform to general rules and regulations as set out in the regulatory travel body. Quality standards are central to the professionalisation of the travel agency sector of tourism. Furthermore, travel agencies should ensure accreditation by International Air Transport Association (IATA) in order to benefit from the airline body's accreditation worth US\$ 220 billion of air tickets sold annually on behalf of over 260 IATA airline members. This allows travel agents access

to multiple destinations so as to provide customers with a variety of options when it comes to travel needs. Some of the key benefits (IATA 2015 Handbook) for travel agents to be IATA accredited agent are as follows:

- Use of the IATA logo providing visibility and credibility on agency premises and website. This means peace of mind for customers.
- Access to IATA airline members thus enabling purchase of international and/or domestic tickets. Customers will have a choice of multiple options for affordable air travel.
- Agent staff getting access to the IATA special deals of over 1000 suppliers. This means good deals for customers.

ASATA has commissioned a number of surveys which looked at the status of travel agencies especially around the sustainability of the sector. In the 2014 survey titled “What it takes to be a travel agent in the 21<sup>st</sup> century, the association highlighted a number of factors deemed critical if travel agencies were to meet the rapid changing environment which they operate under” Reinstein (2014). The first key issue highlighted was that the future success of the sector was highly depended on the agencies’ ability to maintain customer relations. The second element was the skill of communication with the third being the ability to multitask, personable and having expert destination knowledge. These attributes are what it takes to have a competitive agency. Customers have become more sophisticated and their pattern in travel consumption has evolved. This has put agencies under enormous pressure to keep up with knowledgeable customers as the travel trends changes rapidly. It has emerged according to the survey that customers are well informed due to the advent of technology. “The days of agents’ fear of internet are over” De Vries (2014). The findings indicate that 42% of agents have embraced and stated that it enhances their skill.

ICT has become crucial for many industries especially in the millennium as more business process requires technology. Companies are facing a lot of pressure in keeping abreast with the latest trends and maintaining high level of customer’s needs. More travel agencies have embraced ICT in their business processes due to the

demand from customers for easy access to booking engines and other related services offered. The advent of technology has enabled travel agencies to access reservation systems of airlines, hotels, and car rentals (Chen and Cho 2011). ICT, which includes e-mail, the Internet, and information systems such as central reservations and geographic information systems, has become an essential source of sustainable competitive advantage in business, particularly for the tourism industry W. Cho & Olsen, (1998 cited in Chen and Cho 201: 489)

In the recent webinar discussion under the topic, 'Preparing Your Travel Business to Meet Traveller Trends in 2020', the big issue which dominated the discussion was around travel agents' ability to satisfy both clients and suppliers. Sullivan (2014) recognises that travel agents have in recent times shifted their business from focusing on receiving commission from suppliers to customer service first. She further highlighted a service orientated approach whereby commission and incentives have been relegated to the bottom of travel agents' list of priorities. These sentiments are further supported by Riddler (2014) when he stated that 'the travel trade already puts the customer first as they are likely to enter into preferred agreements with suppliers with products and service levels that are compatible with their clients' expectations. He says agents will naturally sell the products they are most familiar and comfortable with, but if a client requests another product, it would be dishonest to dissuade them from their choice, unless the agent truly believed the product was inferior'.

ASATA (2015) stipulates the following key components relating to the overall service quality (Guideline: 21 tips to start a travel agency 2015):

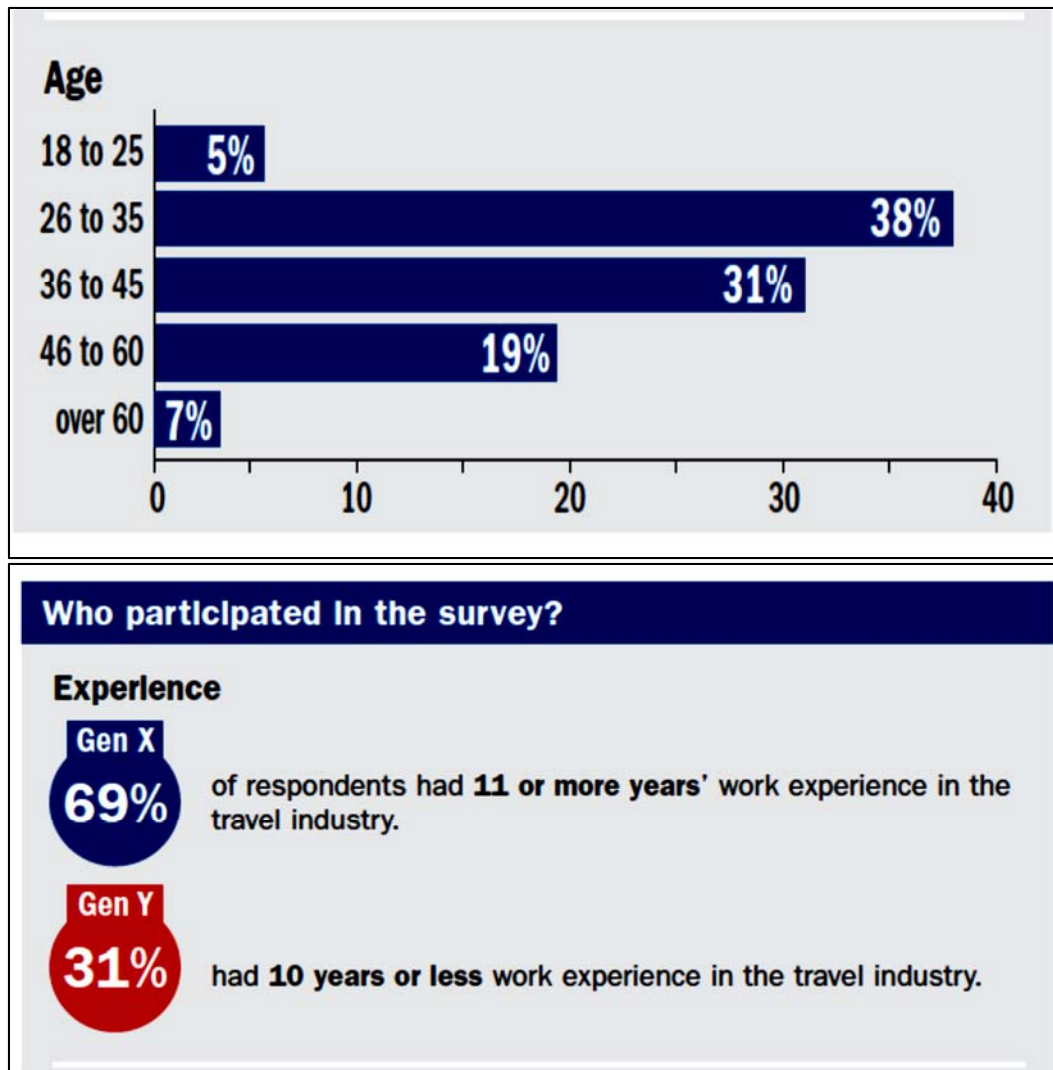
### **Qualifications of staff and management**

- It is recommended that a travel consultant has a Certificate in General Travel or if possible a Tourism related certificate, diploma or degree and a Matric 'Grade 12' with mathematical and literacy acumen. If consultants are issuing air tickets and making reservations they should have completed one of the GDS courses with

Amadeus, Travelport or Sabre, the details are noted above. A good understanding of airfare construction is very important. Many of the travel consultants have several years of experience and have continuously upgraded their skills and competencies.

- To be a travel consultant requires an excellent geographical and product knowledge in order to service the client's travel requirements.
- For business owner or manager, they would require a financial background and basic business startup processes in compliance with the Laws and Acts of the Republic of South Africa related to business.

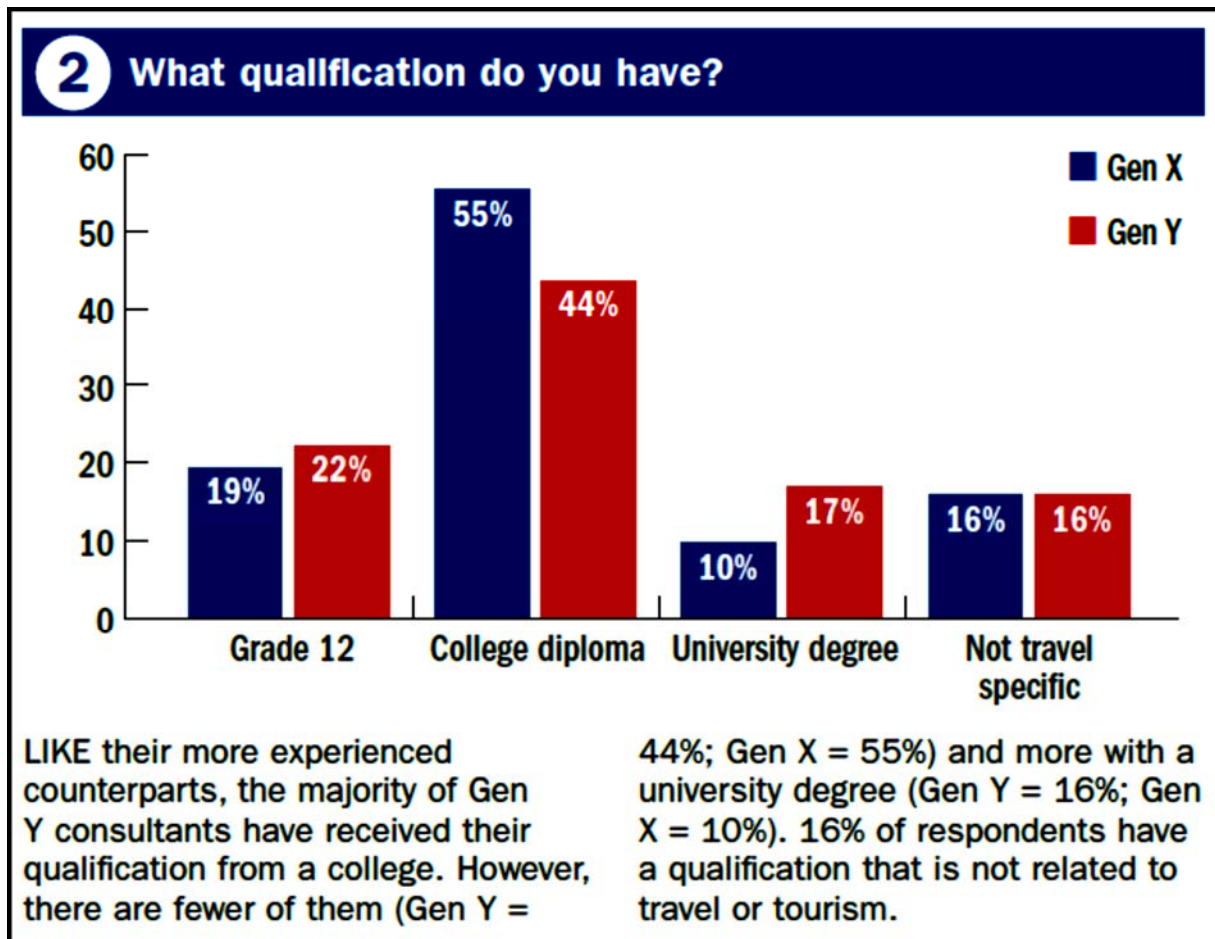
Travel News Weekly (TNW) (2014) conducted a research in 2014 on the shortage of skills in the travel agency segment of tourism value chain. The skills shortage is directly affecting this segment as service quality in servicing customers is paramount. The survey, which targeted 462 travel agents and 50 corporate buyers, looked at challenge facing the travel agencies in terms of skills shortage. The industry is not able to recruit, develop and hold on to the young recruits which the industry so desperately need. The ever changing dynamics in travel trends requires energetic, innovative and passionate workforce however this industry is not able to attract the right caliber of candidates especially the youth.



Source: Travel News Weekly, 2014\*

**Figure 2.2: Travel Agents Participated in the survey- Demographics**

The above diagrams highlight the key component of middle aged respondents as the dominating segment of staff in the travel agency industry. This presents a case that only a lower percentage of young recruits are in the employment of the industry. There is a potential growth in the youth segment as they have propensity to embrace technology due to the skill in that area. The travel agency industry is moving towards full technology and this will require young work force.



Source: Travel News Weekly, 2014\*

### Figure 2.3: Education

The above figure brings to light the key dynamic of respondents highlighting travel and tourism qualification not featured highly in their training. This demonstrates that most recruits in the industry studied other qualification as tourism was never top of mind career. This poses a challenge in terms of skills required to deal with the changing dynamics of travel agency sector.

### **3 What workplace training does your agency offer young consultants?**

**Young travel agents are getting the most training in...**

**1 - GDS and technology**

**2 - Product workshops**

**3 - Educationals**

**4 - Sales**

WHEN asked what training they would like to receive more of, the majority of Gen Y respondents said education on product and geography. Secondly, they said training on

ticketing of complex fares. They also mentioned that they would like to improve their knowledge on visas, would like more training in sales and would like to travel more.

Source: Travel News Weekly, 2014\*

#### **Figure 2.4: Training**

The above figure demonstrates the importance of keeping abreast with products and services so as to provide informed and best service to customers. Product knowledge is important as it allows travel agents an ideal opportunity to sell destinations with confidence.

On the issue of quality assurance in training, respondents from both groups agreed to the concept of examinations and professional grading so as to elevate the standards in the travel industry.

## **2.16 Summary**

The current chapter provided a comprehensive discussion of the literature that has been utilised in this study. It started by defining terms that have been used in this study. Then it provided an empirical overview of how travel agencies have developed over time due to the fierce global competition that has grown over the past years. The chapter then discussed the relationship between service quality, perceived value, service recovery strategies, and customer satisfaction and loyalty. Furthermore, various models of 'service quality' which relate to 'customer satisfaction' were explored. Lastly, the literature further looked at how the tourism industry especially the travel agency sector is affected by issues of service quality. Chapter 3 explores methods of data collection and data analysis.



## **CHAPTER THREE**

### **Research methodology**

#### **3.1 Introduction**

The previous chapter provided a detailed and in-depth analysis of the literature that has been utilised in this study. It defined terms employed in this study and provided an empirical overview of how travel agencies have developed over time due to the fierce global competition that has grown over the past years. The chapter further discussed the relationship between service quality, perceived value, service recovery strategies, and customer satisfaction and loyalty. Additionally, issues regarding the expectations and perceptions of customers, staff and managers were explored. Lastly, various models of 'service quality' which relate to 'customer satisfaction' were explored.

Chapter three looks at the research design and methodology employed in the study. It discusses the versatile issues related to research design, research instruments, sampling procedures and processes, as well as, pretesting and validation.

The study uses the combination of descriptive and explanatory methods to analyze data; therefore, quantitative approach to data analysis is employed. The quantitative nature of this study requires the utilisation of surveys/questionnaires as data collection methods. These terms are further explained in the chapter and therefore, been designed to relate with aims and objectives of this study.

#### **3.2 Aim and Objectives of study**

Objectives refer to the specific issues that are to be investigated in relation to the overall aim of study. The research objectives, then, relate to the salient points which the study intends to achieve and from which the research questions are formulated. The aim of this study is to analyse challenges faced by the tour operators regarding destination when it comes to packaging and selling. The key objectives for the study are to:

- 3.2.1 Determine clients' expectations about the quality of services offered by travel agencies.

- 3.2.2 Evaluate the service quality perceptions within travel agencies in Durban.
- 3.2.3 To determine the gaps between perceived performance and expectations for quality services at travel agencies and report thereon
- 3.2.4 To propose a way forward to improve quality of service within travel agencies

### **3.3 Participants and the location of study**

Conducting a research project includes looking at a population and selects an appropriate sample based on the acceptable guidelines. As it is often difficult to survey the entire population, sampling plays a significant role in this regard which allows a researcher to study a selected group of people within a specified period of time.

### **3.4 Population and sample size**

The study was intended for all employees of Tourism KwaZulu-Natal. The population size is 55 staff members of executive management, senior management, middle management coordinators and administrators and further general staff. The same number was used as sample size for the study. This means that questionnaires were sent to all the 55 employees of Tourism KwaZulu-Natal. Responses were only obtained from 49 respondents.

### **3.5 Type of sampling**

In research, sampling refers to a process from which an adequate number of the right elements are selected from the population in order to facilitate generalisability to both the selected and non-selected population elements through the study of that sample (Sekaran & Bougie 2010: 263). Generalisability of results from a sample attained from a population is often considered very significant in research (Zwane, 2011). Results are considered to be meaningful only if they are generalisable, meaning that they have the ability to provide meaning extending beyond the limited setting in which they were originally obtained (Welman et al, 2007). To add on this, Terre Blanche (2006) even emphasizes that a sample should be the best representation of the characteristics of the

population Kothari (2008) also highlights the following characteristics which are deemed to indicate a good sample design should constitute the following characteristics:

- It must result in a truly representative sample.
- It should minimize sampling error.
- It must minimize systematic bias.
- The results from the sample should be applied to the population from which it was drawn with a reasonable level of confidence.

Furthermore, Saunders, Lewis and Thornhill (2012: 214) maintain that a sampling frame for any probability sample should consist of a complete list of all the cases of the population from which a sample will be drawn.

The type of sampling employed in this study was probability sampling, also known as unrestricted or simple random sampling. Sekaran (2010) posits that in this type of sampling every single element of the targeted population has equal and known opportunity of being nominated as a subject. This sampling design is beneficial in research because of its ability to generalize the findings to the whole population. The targeted population in this case was the employees of Tourism KwaZulu-Natal.

### **3.6 Disadvantages of surveys and sampling**

One disadvantage of using surveys and sampling is the tendency to focus on data more than theory. Due to the emphasis on empirical data there is a tendency to leave 'data to speak for itself' (Denscombe, 2010: 48) without an adequate account of implications of those data for relevant issues, problems and theories. In this manner, the significance of the data can be ignored (Denscombe, 2010: 48).

### **3.7 Research design/methodology**

The current study incorporated quantitative approach which utilized a survey through a questionnaire which was designed collect information from 55 employees of Tourism KwaZulu-Natal (TKZN). Questionnaires are deemed an efficient way to collect data,

provided the researcher is fully aware of the required elements and also how to measure variables of interest (Sekaran and Bougie, 2009: 197). The benefits of using a survey are further supported by Denscombe (2010: 49) by highlighting key benefits namely;

- **A focus on empirical data**, this means obtaining data from the real-world or 'straight from the horses' mouth'.
- **Ability to collect both quantitative and qualitative data**, meaning large volumes of data that can be obtained through the self-completion questionnaires, which usually generate large amounts of quantitative data that can be analysed statistically.
- **A wide and inclusive coverage**. In large-scale questionnaire surveys generalizations can be made out of a wider population, while in small-scale interview surveys sampling techniques used can allow the researcher to 'build up a picture based on data which includes full range of relevant items or people'.
- **Cost and time**. Surveys can offer efficiently and relatively inexpensive means of collecting data. Results can also be obtained over a relatively short period of time and time could be the only significant cost involved.

As the quantitative approach was utilised in this study, questionnaires were used to collect data. A questionnaire has been described as a method of data collection incorporating all methods of data collection in which an individual is asked to respond to the same set of questions in a predetermined order (deVaus, 2002). This method usually comprises structured interviews, telephone questionnaires, and those questions answered in the absence of an interviewer, such as, the Auchentoshan distillery's online questionnaire (Saunders, et al, 2012: 371). In research, a questionnaire is considered to be the most efficient method of data collection within the survey strategy from a large sample prior to quantitative analysis since each respondent is asked to respond to the same set of questions (Saunders, et al, 2012: 371). It is, therefore, recommended that a questionnaire should be designed to accurately collect the data as per the researcher's needs in order to answer the research question/s and to achieve the study goals (Saunders, et al, 2012: 371). As a questionnaire can only be used once when collecting

data, its design often needs extensive work as this may affect the response rate, as well as, the reliability and validity of the data collected if it has not been carefully and extensively designed. To avoid this, Saunders et al. (2012: 419) suggest the following essentials for questionnaire design:

- Careful design of individual questions
- Clear and pleasing layout of the questionnaire
- Lucid explanation of the purpose of the questionnaire
- Pilot testing
- Carefully planned and executed delivery and return of completed questionnaires

### **3.8 Questionnaire design**

The questionnaire was divided into three sections as follows:

- **Section A:** Segment questions.
- **Section B:** Customer Expectations of a travel agency
- **Section C:** Customer Perceptions of the advisory and bookings services that travel agency offers.

The Five Point Likert scale was used to design the questionnaire which rated from 1 – strongly disagree, to 5- strongly agree. According to Hair et al. (2008) the Likert is highly beneficial for the research design utilised in self-administered surveys, personal interviews or online surveys. This study incorporated online surveys. The questions that were included in the questionnaire were closed-ended type of questions. The questionnaire in the current study was adapted to the SERVQUAL instrument as developed by Parasuraman et al. (1998). The five quality dimensions formulated by Parasuraman et al. (1990), namely, tangibility, reliability, responsiveness, assurance and empathy were adapted to the study.

### **3.9 Reliability, validity & ethics**

#### **3.9.1 Reliability**

A study and the information obtained from it may be authoritative but incomplete and unreliable to be generalized to a larger population (Bryman & Bell, 2011). Denscombe (2010) indicates that a study has to be conceivable for another investigator to conduct again and obtain similar results. This study incorporated the Cronbach's Alpha to analyse the internal reliability of the study. A Cronbach's Alpha refers to the measurement of the accuracy of the scale in testing if the participants of the study experience the items in the study in a similar way or not. Cronbach's Alpha is a less conservative than other methods in testing internal consistency when estimating reliability of a research (Bryman & Bell, 2011). The analysis showed that the data was reliable as the Cronbach's alpha values were  $> 0.70$  for all the sub-set of the service quality model (see Table 4.1). The questionnaire employed in this research was accurately developed in terms of the relevance and in line with guidelines discussed above.

#### **3.9.2 Validity**

Validity indicates the degree to which the instrument is able to measure the phenomena at first or has the ability to mirror the abstract construct being studied (Burns & Grove, 2009). It also refers to the level of accuracy of the study, in which the instrument measures the quality it has been designed to measure. Measuring validity ensures the validity or relevance of the research instrument to the purpose of the study (Bryman & Bell, 2011). In this case, the researcher must be able to demonstrate to the audience that the research is closely connected to relevance, particularly significant in quantitative research (Denscombe, 2002).

There are a number of ways in assessing the validity of an instrument (Sekaran & Bougie, 2010: 158). This research, however, explores only two; namely, content validity and construct validity. Content (face) validity ensures that the measure includes an adequate and representative set of items that tap the concept (Sekaran & Bougie, 2010: 158). The more the scale items represent the domain or universe of the concept being

measured, the greater the content validity stated (Sekaran & Bougie, 2010: 158). The construct validity of a measuring instrument means the degree to which the instrument measures the intended construct rather than irrelevant constructs or measurement error (Welman, Kruger & Mitchell, 2007). To ensure the ability and the effectiveness of the instrument to measure, various types and levels of questions were incorporated into the questionnaire. To determine the face validity of this study, questionnaire pilot tests were conducted with peer students and supervisor of the university to approve the content quality and relevance to the study. Both students and the supervisor were providing constructive feedback on content and language of the questionnaire. The utilisation of the Likert scale with scaled numbers from 1 – strongly disagree to 5 – strongly agree in the questionnaire enabled the participants to comprehend the choices of answers.

### **3.9.3 Ethics**

According to Saunders, Lewis and Thornhill (2012: 187) the significance of ethical considerations in research has grown significantly over the years. As Love (2012: 3) puts it, “Ethical regulation in the social sciences may be highly damaging to a society’s ability to understand itself, particularly by constraining scientific research relative to journalism or imaginative forms of communication”, ethics should not bring any harm to participants or intrude the respondent's privacy or make any threat for future relationships (Bryman & Bell, 2011). The researcher of this study asked for permission from TKZN to obtain its customers’ information that it could use to contact them. The questionnaire utilised in this investigation clearly defined the content and purpose of the investigation and explained to the respondents that these will be anonymous. Same as for the employees interviewed for the gathering of background information. The participation was voluntary and respondents were informed accordingly, furthermore, it was indicated that they could withdraw at any time of the research should they feel in any way threatened. They were also informed about the policy of the University to keep data for a period of five years before it could be disseminated. Respondents were also informed that the final result was available to them if were of any interest to them.

### **3.10 Data analysis techniques**

Data analysis in this study incorporated descriptive and inferential statistics techniques and the mean was employed to measure central tendencies with the standard deviation used to measure variation of the responses of the subjects. To measure central tendencies, the mean was utilized, while the standard deviation was used to measure the variation of the responses of the participants.

#### **3.10.1 Ethical Considerations**

All standard ethical processes were followed to the letter, with special precautions to confidentiality and anonymity issues, with regards to the respondents from TKZN and their perceptions of service quality. Ethical clearance was attained through the University of KwaZulu-Natal research ethics committee. Participants were provided with information sheet which detailed the objectives of the research as well as the research process. The information sheets were sent via emails to respondents prior to the commencement of the study. Participants were awarded an opportunity to ask questions concerning the study, and were informed that they had the right to withdraw at any moment of the research if they feel like doing so without any negative consequences. The researcher ensured that there were no power relations that existed between the researcher and the participants which could be perceived or felt through the use of powerful or threatening language both in the information sheets and questionnaires. No names were used except for codes where necessary and the changing of contexts for the respondents in order to ensure anonymity.

#### **3.10.2 Statistical Software Program**

SPSS is a statistical software program which compiles data from quantitative research (Bryman & Bell, 2011). Brezavšček, Šparl and Žnidaršič (2014) posit that the SPSS program makes it possible to link numbers and allocation of data sets to handle the data itself. They argue that compiling and analyzing received data in software eases the process of calculating statistics. Out of sixty questionnaires that had been sent out, only forty-nine returned. This did not disturb the study because only information from the forty-nine respondents was used for statistical purposes. When data was entered into



SPSS, potential errors and chances of finding missing answers was noted. Fortunately, there were no missing answers from the collected data.

Quantitative data analysis requires that all recorded data (few exceptions made) be presented in numerical forms and all variables have a number even if data is missing (Saunders, Lewis & Thornhill, 2009). When data was added into SPSS, the researcher assigned a number according to the Likert scale of 1 – strongly disagree to 5 – strongly agree for each responding answer for statistical analysis and look for errors. According to Saunders, Lewis & Thornhill (2009) there are three practices that researchers should adhere to when checking for data errors. Researchers should check for illegitimate codes, illogical answers by respondents and make sure that rules are being followed. The researcher ensured that this was done.

### **3.10.3 Cronbach's Alpha**

The Cronbach's Alpha method was used for the purposes of this study. Cronbach's Alpha is an approach used to calculate reliability. It involves an approach through which all the questions on the research instrument are divided and the correlation between them is calculated. The computer program eventually generates one number for Cronbach's Alpha, which reveals the reliability of the instruments and items utilised. According to Bryman and Bell (2003) the Cronbach's Alpha coefficient should be projected between the values of one to zero. One is the perfect internal reliability and zero is no internal reliability. While the rule of thumb says that 0,8 is an acceptable level, some researchers argue that a rate of 0,6 is acceptable (Hair et al, 2010). This method ensures reliability of the findings that if it would be conducted again, similar results would be obtained (Bryman & Bell, 2011). The researcher in this study calculated the Cronbach's Alpha through a statistical software program. The results will be presented in Chapter 4 of this study.

### **3.11 Summary**

The chapter analysed the research design and methodology utilised in the study. Key elements i.e. research instruments, sampling procedures and processes, pretesting and validation were discussed in detail as they contribute to the research design,

The research incorporated descriptive and explanatory methods in further analyzing data by applying the quantitative approach. As a result, a questionnaires method was employed to collect data. These terms were further explained in the chapter. The current chapter offered a gateway to the analysis of data that will follow in the next chapter. The chapter was, designed to relate with aims and objectives of this study. The following Chapter presents data as obtained from this study.

## **CHAPTER FOUR**

### **Analysis and discussion of results**

#### **4.1 Introduction**

Chapter four outlines an in-depth analysis of the data collected through questionnaires. These questionnaires were administered to the 55 staff members. The chapter captures the results from the data and interprets both descriptive and inferential statistics utilised to produce detailed analysis and further supported by previous literature.

#### **4.2 Reliability analysis and descriptive analysis**

##### **4.2.1 Cronbach Alpha value**

In this study a total of 49 participants completed the anonymous questionnaire. The questionnaire consisted of 22 statements analyzing customer expectations in Section B and also 22 statements looking at customer perceptions in Section C of the questionnaire. In total the study had 44 statements. Testing the reliability is to ensure that the questionnaire has the ability to measure the topic under discussion. When it comes to testing the reliability of the data under review, the analysis showed that the data was reliable as the Cronbach's alpha values were  $> 0.70$  for all the sub-set of the service quality model (Table 4.1). The Cronbach alpha is a widely used method to measure the reliability of data. Mitra et al (2015, p.211) further support this as they indicate that the closer the alpha is to 1.00 the consistency of items measured would be greater. This notion is supported by Sekaran and Bougie (2009, p.325) as they indicate that reliabilities in the range of 0.70 are acceptable and those over 0.80 are good. In this case, we can be confident that the data presented (Table 4.1) is reliable.

Table 4.1 below indicates the Reliability test outcome of the study.

**Table 4.1 Reliability test outcome**

	<b>Reliability Statistics</b>	
<b>Variables</b>	<b>Cronbach's Alpha</b>	<b>N of Items</b>
TANGIBLE	0.710	4
RELIABILITY	0.786	5
RESPONSIVENESS	0.868	4
ASSURANCE	0.709	4
EMPATHY	0.805	5
TANGIBLE 2	0.909	4
RELIABILITY 2	0.884	5
RESPONSIVENESS 2	0.931	4
ASSURANCE 2	0.946	4
EMPATHY 2	0.961	5
OVERALL	.947	44

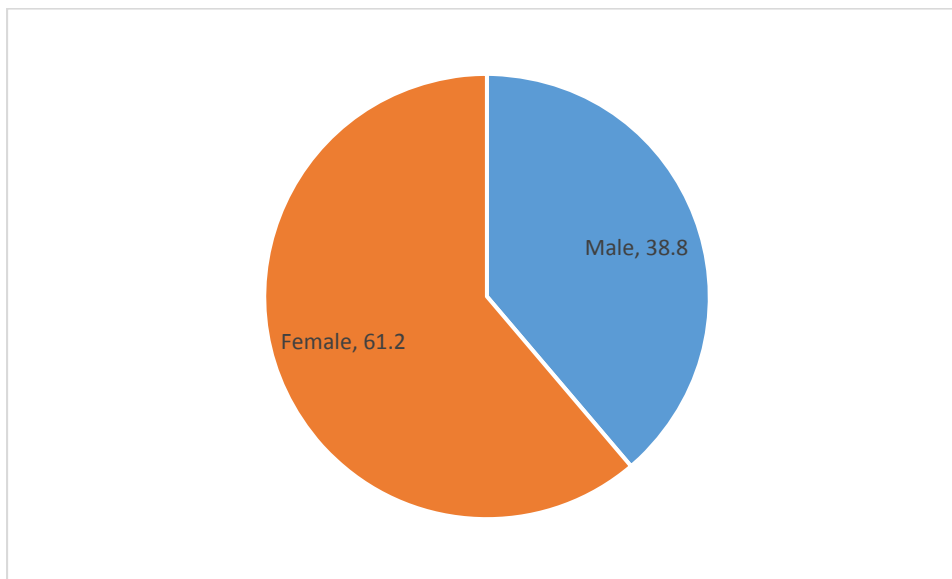
### 4.3 Descriptive analysis

Table 4.2 summarizes participants' socio-demographic information. With regards to participants socio-demographic information, it was found that more than half (61%) were female. On the age category, and more than two-thirds (49%) were 40 years or younger which clearly describes the high level of experienced staff in the organisation, followed by the 21-30 years and 41-50 years both sitting at 20.4%. On the occupation levels, the result showed that more than half (59%) of the participants were coordinator/administrator followed by middle manager (18%) with executive and senior managers coming at a distant 8.2%.

**Table 4.2 Distribution of socio-demographic information**

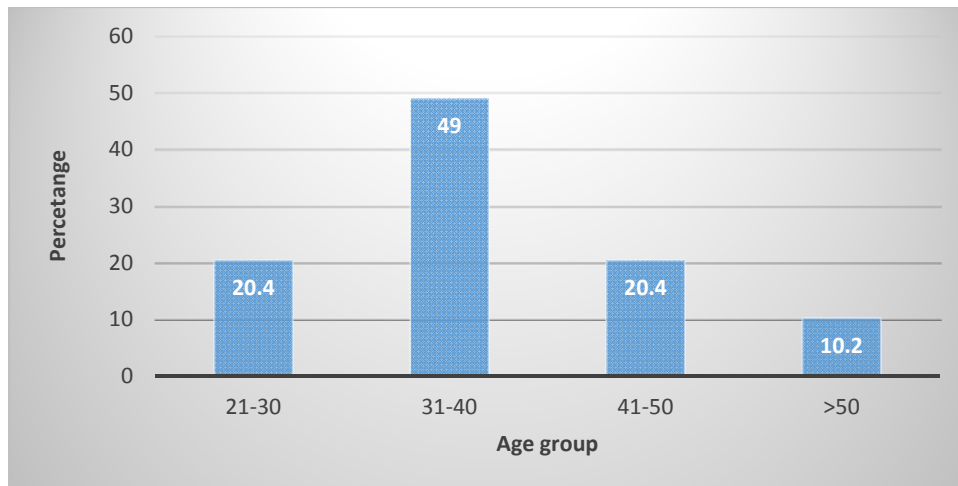
<b>Variables</b>	<b>Frequency</b>	<b>Percent</b>
<b>Gender</b>		
Male	19	38.8
Female	30	61.2
<b>Age group in years</b>		
21-30	10	20.4

31-40	24	49.0
41-50	10	20.4
>50	5	10.2
<b>Level of occupation</b>		
Executive	4	8.2
Senior manager	4	8.2
Middle Manager	9	18.4
Supervisor	3	6.1
Coordinator/Administrator	29	59.2



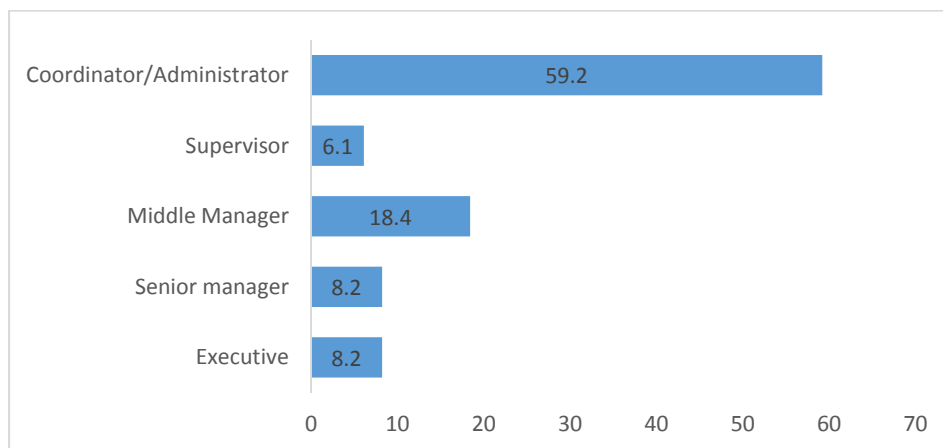
**Figure 4.1: The distribution of gender of the participants (%)**

Figure 4.1 above outlines a socio-demographic information, which indicates that the majority of participants were female at 61,2%, with male at 38,8%.



**Figure 4.2: The distribution of age of participants**

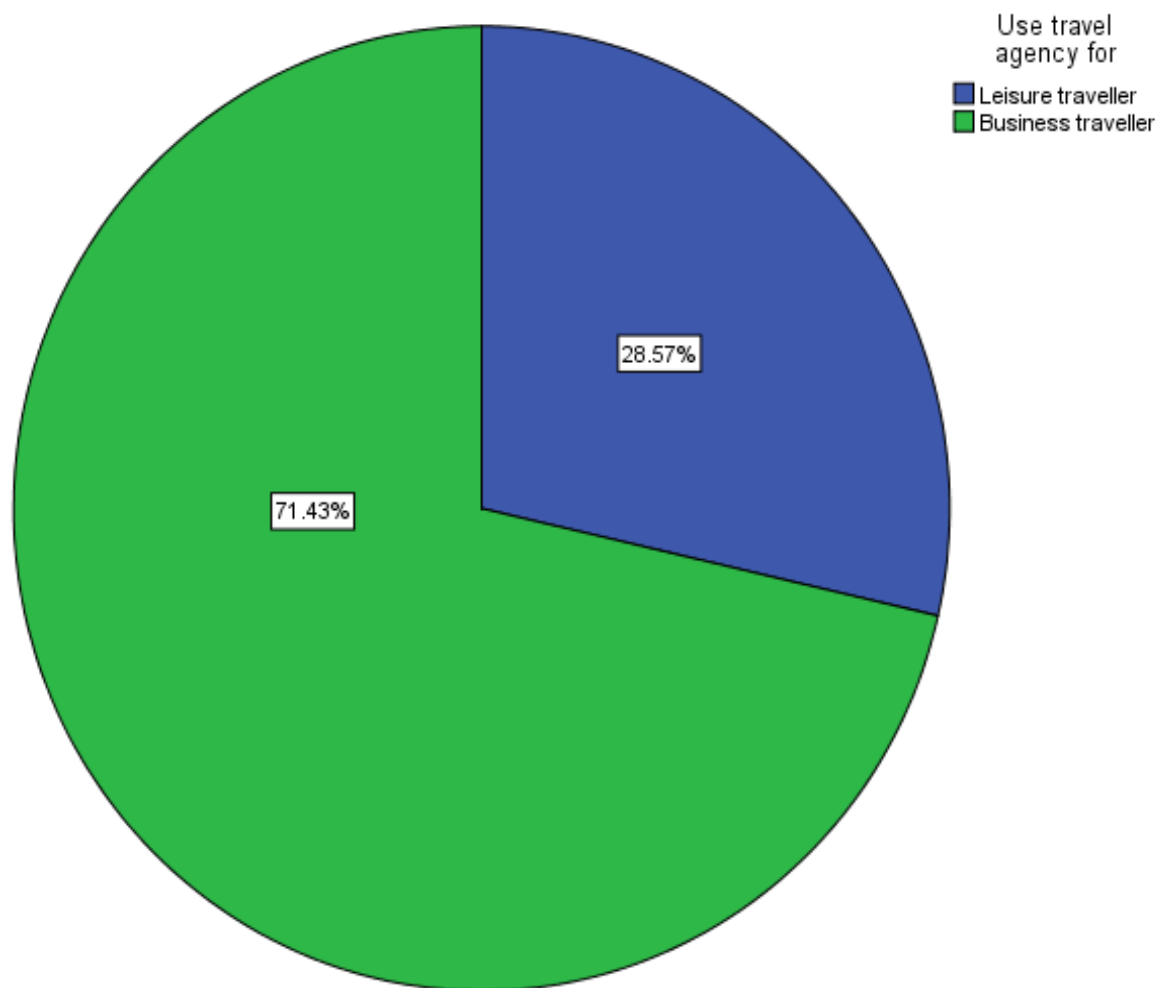
Figure 4.2 demonstrates the age grouping of participants indicating more than two-thirds (49%) were 40 years or younger which clearly describes the high level of experienced staff in the organisation, followed by the 21-30 years and 41-50 years both sitting at 20.4%. The last group of 50 years and above is sitting at 10,2% the least of all the groups which indicates a fairly young organization.



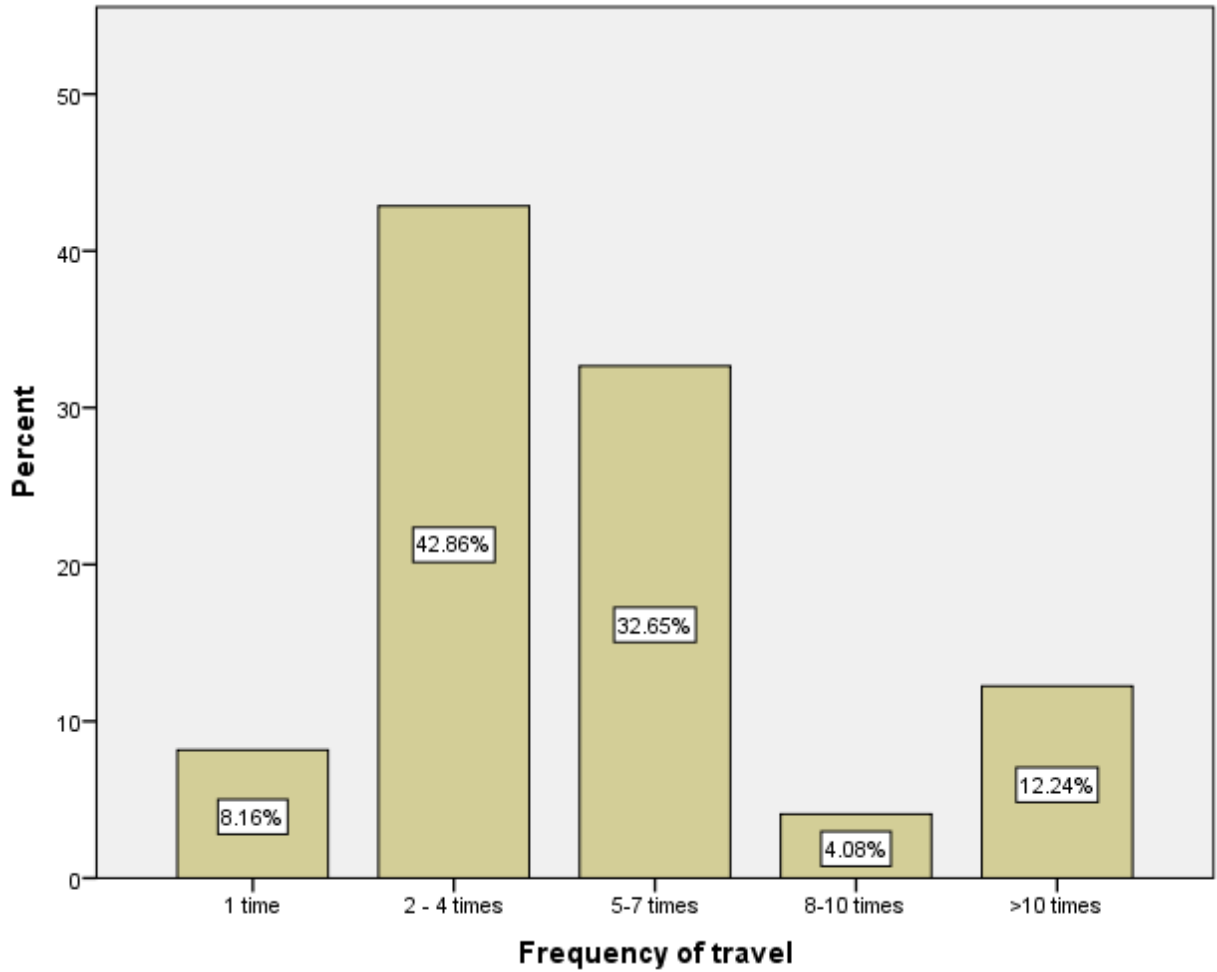
**Figure 4.3: The distribution of level of occupation**

Figure 4.3 shows the occupation levels, indicating that more than half (59%) of the participants were coordinator/administrator followed by middle manager (18%) with executive and senior managers coming at a distant 8.2%. This coordination of travel is done at coordinator level, which is the key area requiring high level of service quality from travel agencies.

Figure 4.4 illustrates the use of travel agencies where more than two-third of the participants (71%) used travel agency for business travel purposes.



**Figure 4.4: The distribution of reason for the use of travel agency amongst participants**



**Figure 4.5: Distribution of travel frequency**

Figure 4,5 demonstrates the frequency of travel, with the majority of the participants (42.86%) travelled between two to four with those travelling between five to seven times at 32.65% prior to the study.



#### 4.4 Summary of statements

In investigating the expectations of service quality in travel agencies, 22 statements were structured and divided into tangible, reliable, responsiveness, assurance and empathy. All the statements were 5-points type, 1 being an answer to a **Strongly Disagree (SD)** statement and five for **Strongly Agree (SA)**. Summary of all the statements are shown in Table 4.3 below. Results show that participants have positive expectations in the travel agencies for all the scales of service quality such as tangible, reliable, responsiveness, assurance and empathy (>70%). All the statements had mean scores of 4.3 or higher. Similarly, participants average scores for perception was also higher indicating they also had positive perception for service quality constructs (table 4.3)

**Table 4.3: Summary of the statements on expectations of service (tangible, reliable, responsiveness, assurance and empathy)**

STATEMENTS	SD	D	U	A	SA	MEAN	SDEV
An excellent travel agency has modern equipment. (Tangible 1)		4		22.4	73.5	4.6531	.69375
An excellent travel agency has visually appealing facilities. (Tangible 2)		2.0	2.0	44.9	51.0	4.4490	.64747
An excellent travel agency has employees who have a neat and professional appearance. (Tangible 3)		4.1	8.2	28.6	59.2	4.4286	.81650
An excellent travel agency has visually appealing materials associated with the service (website, brochures, and display posters). (Tangible 4)			4.1	26.5	69.4	4.6531	.56092
An excellent travel agency provides services as promised. (Reliability 5)				16.3	83.7	4.8367	.37344

Excellent travel agency employees are dependable in handling clients' service problems. (Reliability 6)				32.7	67.3	4.6735	.47380
An excellent travel agency provides services right the first time. (Reliability 7)			2.0	30.6	67.3	4.6531	.52245
An excellent travel agency provides services at the promised time. (Reliability 8)				22.4	77.6	4.7755	.42157
An excellent travel agency maintains error-free records. (Reliability 9)		2.0	6.1	44.9	46.9	4.3673	.69803
An excellent travel agency provides prompt service to clients' (Responsiveness 10)				28.6	71.4	4.7143	.45644
An excellent travel agency has employees that keep clients' informed about when services will be performed. (Responsiveness 11)				28.6	71.4	4.7143	.45644
An excellent travel agency has employees willing to help clients. (Responsiveness 12)			2.0	32.7	65.3	4.6327	.52812
An excellent travel agency has employees that are always ready to respond to clients' requests. (Responsiveness 13)				36.7	63.3	4.6327	.48708
An excellent travel agency has employees who instill confidence in clients. (Assurance 14)		2.0	4.1	32.7	61.2	4.5306	.68014
An excellent travel agency has employees that make clients' feel safe in their transactions. (Assurance 15)				34.7	65.3	4.6531	.48093

An excellent travel agency has employees who are consistently courteous. (Assurance 16)				38.8	61.2	4.6122	.49229
An excellent travel agency has employees who have the knowledge to answer clients' questions. (Assurance 17)				30.6	69.4	4.6939	.46566
An excellent travel agency has employees who give clients' individual attention. (Empathy 18)				22.4	77.6	4.7755	.42157
An excellent travel agency has employees who deal with clients' in a caring manner. (Empathy 19)				38.8	61.2	4.6122	.49229
An excellent travel agency has employees who have the clients' best interest at heart. (Empathy 20)				34.7	65.3	4.6531	.48093
An excellent travel agency has employees who understand the needs of their clients. (Empathy 21)				30.6	69.4	4.6939	.46566
An excellent travel agency provides convenient business hours. (Empathy 22)			2.0	26.5	71.4	4.6939	.50843

**SD** = Strongly Disagree, **D**= Disagree, **U**=Undecided, **A**= Agree, **SA**= Strongly Agree, **SDEV**= Standard Deviation

Expectations expressed from the 22 statements clearly indicate that reliability is highly rated expectation as most people regard this element as the key driver in trusting an agency. This is confirmed by the strongly agree (SA) statement of an excellent travel agency providing a good service as promised, which scored high (83,7%) with an overall mean of over 4,8 followed closely by providing services at the promised time. Empathy is ranked second across all variables. Responsiveness is ranked third dimension and also outlines one of the most highlighted areas of expectation which

focuses on the time staff respond to queries. The quicker the staff respond the better the trust by customers. The ranking is similar to the ranking as outlined in Marinković, et al. (2013: 192) ranking reliability and responsiveness as the first two highly rated, followed by assurance and empathy from their study. Further findings contained in the study conducted by Marinković et al., (2013:193) showed that reliability, tangibility and empathy had significant influence on satisfaction. Rasli et al. (2012 cited in Naidoo and Mutinta 2014: 223) further support this notion by referring to reliability as firm's ability to deliver promised service dependably and accurately. This affirms the notion of believing that good service equals trust by customers. According to the variation on strongly disagree (SD), participants did not tick any of the variables as this further affirms the high level of expectations from a travel agent by customers.

Table 4.3 above indicates the high level of positivity on the Strongly Agree statements. The following statements scored over 70%.

### **Reliability**

This dimension deals with the ability to perform a service accurately. The following scored highest in this dimension indicating that customers expect a good service all the time.

- An excellent travel agency provides services as promised.
- An excellent travel agency provides services at the promised time.

### **Empathy**

This dimension refers to the level of attention to detail when staff provides service.

- An excellent travel agency has employees who give clients individual attention.
- An excellent travel agency provides convenient business hours.

### **Tangible**

This dimension focuses on whether the travel agency attributes, such as, equipment and facilities can meet the perceptions that customers have about the service offered.

- An excellent travel agency has modern equipment.

## Responsiveness

This dimension refers to whether the staff has the ability to respond to customers' queries timeously. The following statements ranked highest.

- An excellent travel agency provides prompt service to clients.
- An excellent travel agency has employees that keep clients' informed about when services will be performed.

Similarly, participants' average score for perception was also higher indicating they also had positive perception for service quality constructs (table 4.4.2). Results have shown that participants had positive perception in the travel agencies for all the scales of service quality such as tangible, reliable, responsiveness, assurance and empathy (>70%). The table (4.4) below presents a summary of statements, outlining perceptions of service quality in travel agencies. Although the scores were slightly lower than expectation with all the statements had mean scores of 3.6 or higher with standard deviation of 0.69 and above. The Strongly Agree scale measured high across all five dimensions which indicates they also had positive perception for service quality constructs (table 4.4)

**Table 4.4 Summary of the statements regarding perception of service (tangible, reliable, responsiveness, assurance and empathy)**

STATEMENTS	SD	D	U	A	SA	MEAN	SDEV
My travel agency has modern equipment. (Tangible 1 )		4.1	12.2	44.9	38.8	4.1837	.80812
My travel agency has visually appealing facilities. (Tangible 2)		4.1	20.4	38.8	36.7	4.0816	.86209
My travel agency has employees who have a neat and professional appearance. (Tangible 3)			14.3	46.9	38.8	4.2449	.69314
My travel agency has visually appealing materials associated with the service (website, brochures, and display posters). (Tangible 4)			14.3	40.8	44.9	4.3061	.71309

My travel agency provides services as promised. (Reliability 5)			20.4	55.1	24.5	4.0408	.67575
My travel agency's employees are dependable in handling clients' service problems. (Reliability 6)		14.3	8.2	57.1	20.4	3.8367	.92075
My travel agency has employees who perform services right the first time. (Reliability 7)	2.0	14.3	26.5	34.7	22.4	3.6122	1.05705
My travel agency provides services at the promised time. (Reliability 8)	2.0	12.2	16.3	42.9	26.5	3.7959	1.04042
My travel agency maintains error-free records. (Reliability 9)	4.1	22.4	20.4	38.8	14.3	3.3673	1.11232
My travel agency provides prompt service to clients. (Responsiveness 10)		18.4	12.2	46.9	22.4	3.7347	1.01603
My travel agency has employees who keep clients' informed about when services will be performed. (Responsiveness 11)	2.0	20.4	18.4	26.5	32.7	3.6735	1.19701
My travel agency has employees with the willingness to help clients. (Responsiveness 12)		8.2	10.2	49.0	32.7	4.0612	.87579
My travel agency has employees that are always ready to respond to clients' requests. (Responsiveness 13)		12.2	12.2	49.0	26.5	3.8980	.94085
My travel agency has employees who instill confidence in clients. (Assurance 14)	2.0	20.4	28.6	24.5	24.5	3.4898	1.13876
My travel agency has employees that make clients feel safe in their transactions. (Assurance 15)	2.0	12.2	16.3	40.8	28.6	3.8163	1.05423

My travel agency has employees who are consistently courteous. (Assurance 16)		12.2	24.5	36.7	26.5	3.7755	.98457
My travel agency has employees who have the knowledge to answer clients' questions. (Assurance 17)		24.5	8.2	38.8	28.6	3.7143	1.13652
My travel agency has employees who give clients' individual attention. (Empathy 18)		16.3	12.2	36.7	34.7	3.8980	1.06546
My travel agency has employees who deal with clients' in a caring manner. (Empathy 19)		14.3	12.2	42.9	30.6	3.8980	1.00509
My travel agency has employees who have the clients' best interest at heart. (Empathy 20)		16.3	16.3	34.7	32.7	3.8367	1.06745
My travel agency has employees who understand the needs of their clients. (Empathy 21)		12.2	18.4	40.8	28.6	3.8571	.97895
My travel agency provides convenient business hours. (Empathy 22)		8.2	12.2	44.9	34.7	4.0612	.89926

Looking at the analysis above, the ranking of the variations in participants' responses for perceptions were as follows: My travel agency maintains error-free records (Reliability, SD = 4.1); my travel agency has employees who perform services right the first time. (Reliability, SD = 2.0); my travel agency provides services at the promised time. (Reliability, SD = 2.0); my travel agency has employees who instill confidence in clients. (Assurance, SD = 2.0); my travel agency has employees that make clients feel safe in their transactions. (Assurance, SD = 2.0); my travel agency has employees who keep clients' informed about when services will be performed. (Responsiveness, SD = 2.0).

These perceptions clearly highlight the strong and positive response rate on tangibility and empathy dimensions. This dimension focuses on whether the travel agency attributes, such as equipment and facilities can meet the perceptions that customers

have about the service offered. Furthermore, on the empathy dimension, this demonstrates the level of which attention to detail is provided by staff towards customers.

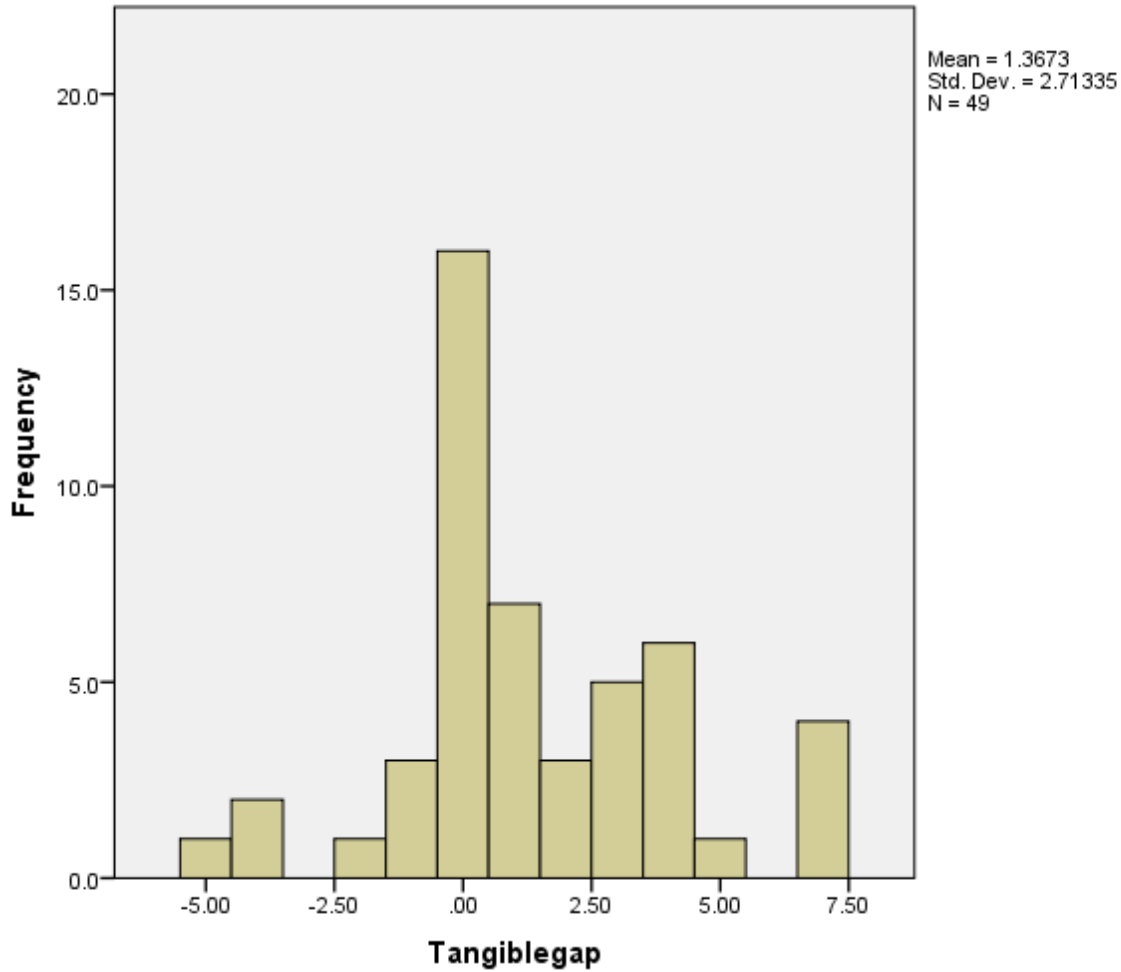
#### **4.5 Overall expectations – perceptions analysis**

Overall expectations exceeded perceptions, which meant that the travel agencies could not meet the required service quality. This is consistent with Ruiqi and Adrian's (2009: 101) analysis of service quality of travel agencies in Guangzhou which found that the expectations exceeded perceptions. This is in total contrast to Filiz (2009: 797) in the service quality study on travel agencies in Turkey which found out that overall perceptions exceeded expectation in all attributes. The analysis based on Ciunova-Shuleska et al. (2013: 28) showed The results showed all gap scores (except those referring to having the customers' best interest at heart) as negative, which means that customers' perceptions of delivered service quality are lower than their expectations, in turn indicating poor service quality of the travel agencies in Macedonia. Johns, et al. (2004: 90) in their study measuring service quality of travel agencies in Cyprus also found that all the gap scores were negative, suggesting that customers were generally dissatisfied with local travel agent services.

#### **4.6 Gap scores for quality variables**

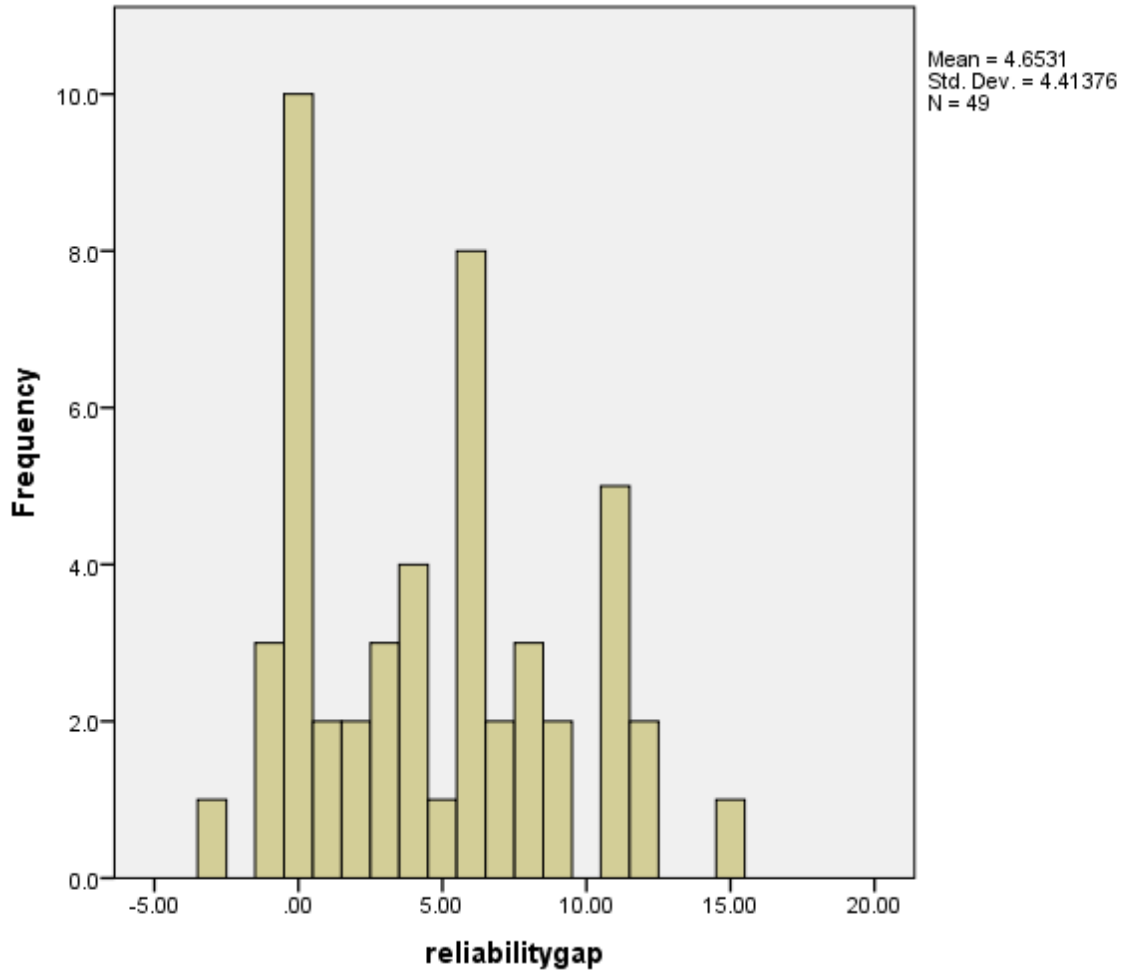
The gap scores for each of the sub-set were calculated by expectation – perception. The gap scores are shown in figure 4.4.1 – 7 below. It was found that the average gap scores for tangible, reliable, responsiveness, assurance and empathy were 1.4 (StDev = 2.7), 4.6 (StDev = 4.4), 3.3 (StDev = 4.0), 3.7 (StDev = 4.1) and 3.9 (StDev = 5.04) respectively. All the gap scores were negative, indicating participants' expectation was higher than their perceptions. This is a demonstration that participants were generally dissatisfied with the service received.





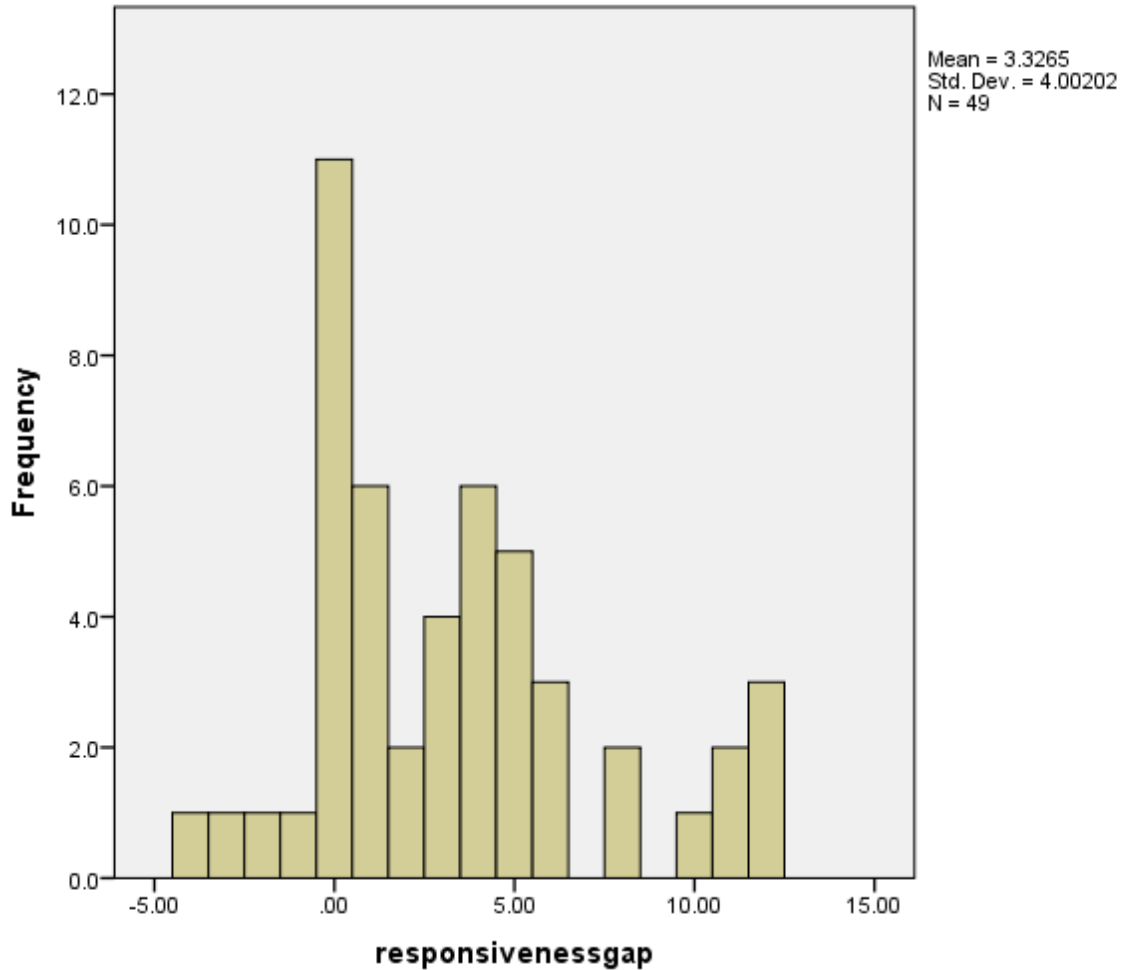
**Figure 4.6: Distribution of Tangible gap scores**

On the tangible dimension, we have noticed on average a relatively low gap (1, 4). The lowest gaps in this dimension were on “neat appearance of employees” (0.19), “agency with appealing materials associated with service” (0.34). The highest gap on this dimension was “agency with modern equipment” (0.47). This is similar to Ciunova-Shuleska et al. (2013: 31) indicating that the tangible dimension is the most satisfactory dimension of their study of service quality travel agencies in Macedonia.



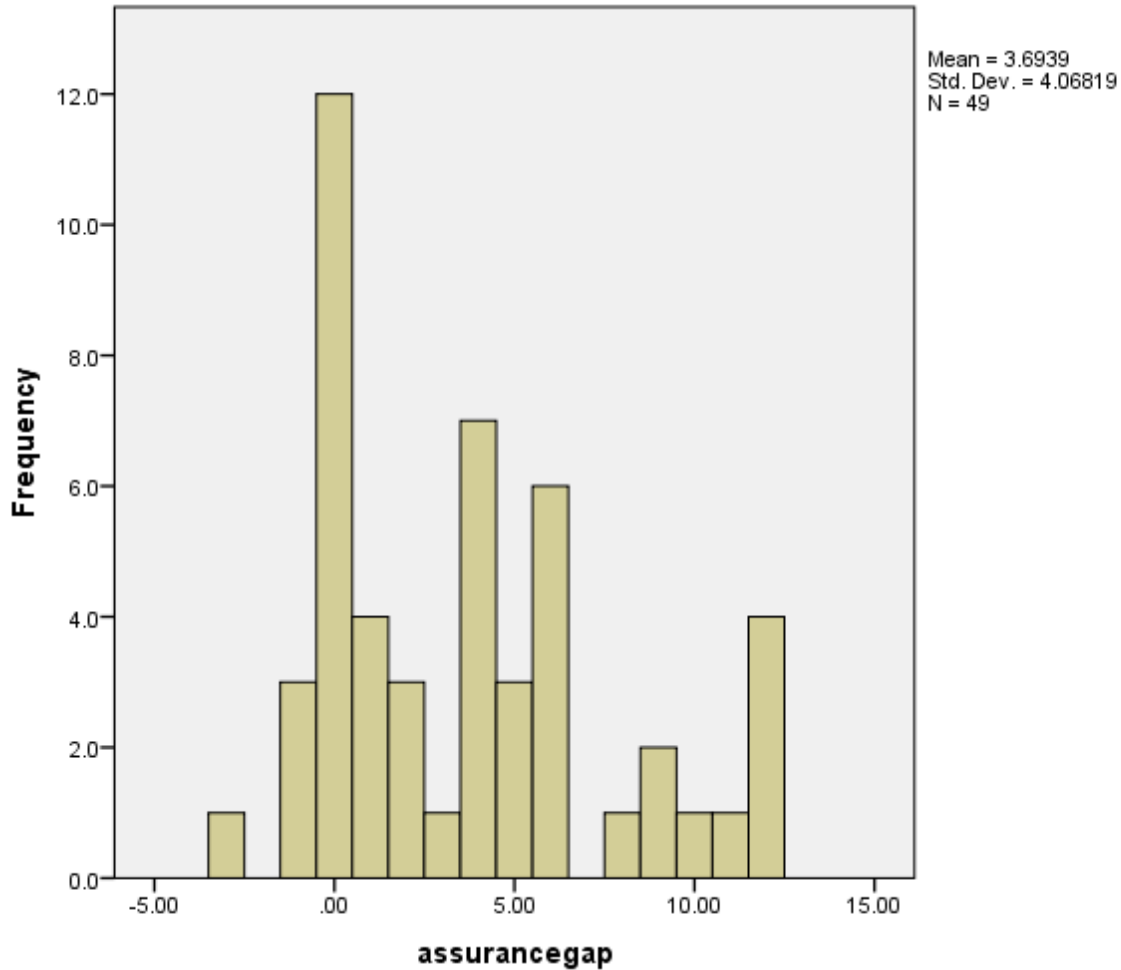
**Figure 4.7: Distribution of reliability gap scores**

Reliability had the highest overall mean score across all dimensions and this demonstrated that customers have high expectation when it comes to reliable service. In this regard, this dimension did not meet the high expectation. The gap score is also the highest across all dimensions (4.6). The highest gap was on “providing service as promised” (0.80), this also has the highest mean score (4.84) and this clearly demonstrates the dissatisfaction from customers as they had highest expectations across all dimension. This finding is similar to Ruiqi and Adrian (2009: 98) where the largest gap was found in the reliability dimension (1.19).



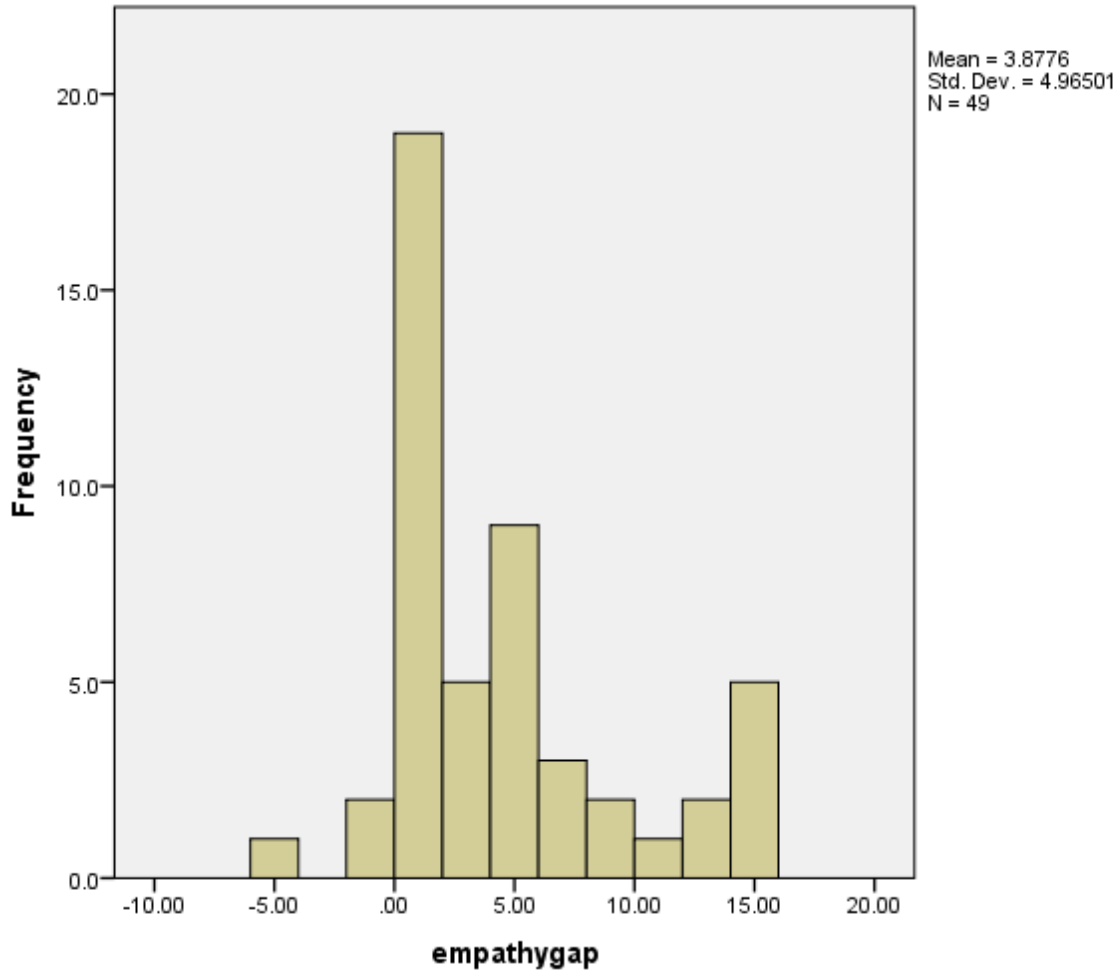
**Figure 4.8: Distribution of responsiveness gap scores**

The responsiveness dimension was the second most dimension with least gap (3.3) which demonstrates the importance of the level of response required by customers. The least gap statement (0.57) was in the “willingness to help clients” statement and the highest gap were on “keeping clients informed about services” (1.04). This also demonstrates that customers were not satisfied with travel agents when it comes to the lack of communication.



**Figure 4.9: Distribution of assurance gap scores**

On the assurance dimension, the statement with highest gap (1.04) relates to how the employees of travel agency should instill confidence; however this clearly demonstrates the lack of confidence in the agency. Furthermore, this was followed closely by the statement about knowledgeable employees in dealing with questions (0.97). The least gap (0, 84) follows closely talking about ensuring that clients feel safe with employees in terms of transactions and, lastly, the statement about employees being consistently courteous. Overall, the dimension cannot be looked at in isolation as it is directly linked to other dimension, that is, empathy and responsiveness.



**Figure 4.10: Distribution of empathy gap scores**

On the empathy dimension the least gap (0.63) is focusing on travel agencies providing convenient hours. This industry has a high volume of after-hours enquiries especially when clients get confronted with challenges before, during and after travelling. Although the gap is narrow, this still shows that the travel agencies do not meet the expectations. The next least gap is focusing on the agency that serves the clients' best interest. The highest gap was on the agency that provides individual attention (0.87), this particular statement relates to the personalisation of individual's needs. One of the most critical aspects of providing personalized service is to demonstrate a company's ability to provide attention to detail.

## 4.7 Inferential statistics

Average gap scores were compared with regards to socio-demographic variables. For this, t-test was performed if the demographic variable had two categories or ANOVA test was carried out if the demographic variable had three or more categories. ANOVA helps in determining the significant difference between the groups on an interval or ratio scaled dependent variables (Sekaran and Bougie, 2009: 346). The results should show whether the two groups from the same population are significantly different from one another.

### 4.7.1 Gap analysis scores for gender

**Hypothesis Testing:** Hypothesis statement: there is a statistically significant difference in the expectations and perceptions of service quality dimensions between males and females.

Tables 4.5 and 4.6 underline the overall scores between expectations and perception on gender data. A hypothesis test will outline the following areas of focus:

- Statistical test
- Significance level
- The decision to accept or reject the null hypothesis

**Table 4.5: Group statistics of gap scores with regards to gender**

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Tangible gap	Male	19	.8947	2.02470	.46450
	Female	30	1.6667	3.06632	.55983
Reliability gap	Male	19	5.3158	4.76157	1.09238
	Female	30	4.2333	4.20741	.76816
Responsiveness gap	Male	19	3.8421	4.12665	.94672
	Female	30	3.0000	3.95666	.72238
Assurance gap	Male	19	4.6842	4.33401	.99429
	Female	30	3.0667	3.83211	.69964

Empathy gap	Male	19	4.6842	6.12874	1.40603
	Female	30	3.3667	4.09780	.74815

From the group statistics gap above (Table 4.5) this indicates that there is no significant difference between males and females across all dimensions except for tangible dimension where it appears to be almost double the mean gap (Females 1.66 – Males 0.89 = 0.77).

**Table 4.6: Independent Samples Test**

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Tangible gap	3.192	.080	-.970	47	.337	-.77193	.79604	-2.37336	.82950
Reliability gap	1.509	.225	.834	47	.409	1.08246	1.29823	-1.52925	3.69416
Responsiveness gap	.021	.884	.714	47	.479	.84211	1.17942	-1.53058	3.21479
Assurance gap	.433	.514	1.368	47	.178	1.61754	1.18209	-.76051	3.99560
Empathy gap	4.747	.034	.903	47	.371	1.31754	1.45853	-1.61664	4.25173

Upon the t-test, it was found that the average gap score for all dimensions: Tangible, Reliable, Responsive, Assurance and Empathy were similar between male and female participants ( $p > 0.05$ ) (Table 4.6). This analysis is similar to Johns, et al. (2004: 93) measuring service quality in travel agencies in Cyprus, using ANOVA through Scheffe test ( $p < 0.05$ ) analysing demographic variables and the t-testing found no difference between respondents in expectations scores ( $p < 0.05$ ) for age and gender. This was, however, different to Yelkur and Chakrabarty (2006:148), whereby the hypotheses, through Anova testing revealed the differences in expectations between genders in four of the five dimensions ( $p < 0.05$ ) of fast food industry. Thus, the research hypotheses were supported. The null hypothesis is therefore retained.

#### 4.7.2 Gap analysis scores for age groups

**Hypothesis testing:** there is a statistically significant difference in the expectations and perceptions of service quality dimensions between age groups.

On the issue of age groups testing, Tables 4.7, 4.8, and 4.9 look at the overall scores between expectations and perception on biographical data. A hypothesis test outlined the following areas of focus:

- Statistical test
- Significance level
- The decision to accept or reject the null hypothesis

**Table 4.7: Group statistics of gap scores with regards to age groups**

		N	Mean	Std. Deviation	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
Tangible gap	21-30	10	2.7000	3.71334	.0436	5.3564
	31-40	24	1.0833	2.22470	.1439	2.0227
	41-50	10	1.1000	3.14289	-1.1483	3.3483
	>50	5	.6000	.89443	-.5106	1.7106
	Total	49	1.3673	2.71335	.5880	2.1467
Reliability gap	21-30	10	4.9000	4.55705	1.6401	8.1599
	31-40	24	3.7500	3.66238	2.2035	5.2965
	41-50	10	4.2000	5.34997	.3729	8.0271
	>50	5	9.4000	3.43511	5.1347	13.6653
	Total	49	4.6531	4.41376	3.3853	5.9208
Responsiveness gap	21-30	10	2.8000	4.07704	-.1165	5.7165
	31-40	24	2.1667	1.99274	1.3252	3.0081
	41-50	10	3.9000	5.30094	.1079	7.6921
	>50	5	8.8000	4.65833	3.0159	14.5841
	Total	49	3.3265	4.00202	2.1770	4.4760
Assurance gap	21-30	10	2.9000	3.81372	.1718	5.6282
	31-40	24	2.7917	3.07838	1.4918	4.0916
	41-50	10	3.7000	4.34741	.5900	6.8100
	>50	5	9.6000	4.33590	4.2163	14.9837
	Total	49	3.6939	4.06819	2.5254	4.8624



Empathy gap	21-30	10	3.3000	5.37587	-.5457	7.1457
	31-40	24	2.6667	4.01808	.9700	4.3634
	41-50	10	4.4000	4.74225	1.0076	7.7924
	>50	5	9.8000	5.76194	2.6456	16.9544
	Total	49	3.8776	4.96501	2.4514	5.3037

The findings highlighted a statistically significant mean difference among different age groups with regards to responsiveness, assurance, and empathy ( $p < 0.05$ ).

**Table 4.8: ANOVA test outcomes**

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Tangible gap	Between Groups	23.354	3	7.785	1.061	.375
	Within Groups	330.033	45	7.334		
	Total	353.388	48			
Reliability gap	Between Groups	134.902	3	44.967	2.529	.069
	Within Groups	800.200	45	17.782		
	Total	935.102	48			
Responsiveness gap	Between Groups	188.142	3	62.714	4.860	.005
	Within Groups	580.633	45	12.903		
	Total	768.776	48			
Assurance gap	Between Groups	200.250	3	66.750	5.055	.004
	Within Groups	594.158	45	13.204		
	Total	794.408	48			
Empathy gap	Between Groups	216.632	3	72.211	3.362	.027
	Within Groups	966.633	45	21.481		
	Total	1183.265	48			

The above ANOVA testing found that there was statistically significant mean difference among different age groups with regards to responsiveness, assurance, and empathy ( $p < 0.05$ ) (Table 4.8).

**Table 4.9: Multiple Comparisons test outcomes**

Tukey HSD							
Dependent Variable	(I) Age group	(J) Age group	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Tangible gap	21-30	31-40	1.61667	1.01931	.397	-1.1025	4.3359
		41-50	1.60000	1.21112	.555	-1.6309	4.8309
		>50	2.10000	1.48331	.496	-1.8570	6.0570
	31-40	21-30	-1.61667	1.01931	.397	-4.3359	1.1025
		41-50	-.01667	1.01931	1.000	-2.7359	2.7025
		>50	.48333	1.33132	.983	-3.0682	4.0349
	41-50	21-30	-1.60000	1.21112	.555	-4.8309	1.6309
		31-40	.01667	1.01931	1.000	-2.7025	2.7359
		>50	.50000	1.48331	.987	-3.4570	4.4570
	>50	21-30	-2.10000	1.48331	.496	-6.0570	1.8570
		31-40	-.48333	1.33132	.983	-4.0349	3.0682
		41-50	-.50000	1.48331	.987	-4.4570	3.4570
Reliability gap	21-30	31-40	1.15000	1.58718	.887	-3.0841	5.3841
		41-50	.70000	1.88585	.982	-4.3309	5.7309
		>50	-4.50000	2.30969	.223	-10.6616	1.6616
	31-40	21-30	-1.15000	1.58718	.887	-5.3841	3.0841
		41-50	-.45000	1.58718	.992	-4.6841	3.7841
		>50	-5.65000*	2.07301	.044	-11.1802	-.1198
	41-50	21-30	-.70000	1.88585	.982	-5.7309	4.3309
		31-40	.45000	1.58718	.992	-3.7841	4.6841
		>50	-5.20000	2.30969	.125	-11.3616	.9616
	>50	21-30	4.50000	2.30969	.223	-1.6616	10.6616
		31-40	5.65000*	2.07301	.044	.1198	11.1802
		41-50	5.20000	2.30969	.125	-.9616	11.3616
Responsiveness gap	21-30	31-40	.63333	1.35201	.966	-2.9734	4.2401
		41-50	-1.10000	1.60642	.902	-5.3855	3.1855
		>50	-6.00000*	1.96746	.019	-11.2486	-.7514
	31-40	21-30	-.63333	1.35201	.966	-4.2401	2.9734
		41-50	-1.73333	1.35201	.579	-5.3401	1.8734

	41-50	>50	-6.63333*	1.76585	.003	-11.3441	-1.9226
		21-30	1.10000	1.60642	.902	-3.1855	5.3855
		31-40	1.73333	1.35201	.579	-1.8734	5.3401
	>50	>50	-4.90000	1.96746	.075	-10.1486	.3486
		21-30	6.00000*	1.96746	.019	.7514	11.2486
		31-40	6.63333*	1.76585	.003	1.9226	11.3441
		41-50	4.90000	1.96746	.075	-.3486	10.1486
Assurance gap	21-30	31-40	.10833	1.36766	1.000	-3.5402	3.7568
		41-50	-.80000	1.62502	.960	-5.1351	3.5351
		>50	-6.70000*	1.99024	.008	-12.0094	-1.3906
	31-40	21-30	-.10833	1.36766	1.000	-3.7568	3.5402
		41-50	-.90833	1.36766	.910	-4.5568	2.7402
		>50	-6.80833*	1.78630	.002	-11.5736	-2.0430
	41-50	21-30	.80000	1.62502	.960	-3.5351	5.1351
		31-40	.90833	1.36766	.910	-2.7402	4.5568
		>50	-5.90000*	1.99024	.024	-11.2094	-.5906
	>50	21-30	6.70000*	1.99024	.008	1.3906	12.0094
		31-40	6.80833*	1.78630	.002	2.0430	11.5736
		41-50	5.90000*	1.99024	.024	.5906	11.2094
Empathy gap	21-30	31-40	.63333	1.74445	.983	-4.0203	5.2870
		41-50	-1.10000	2.07272	.951	-6.6294	4.4294
		>50	-6.50000	2.53855	.064	-13.2721	.2721
	31-40	21-30	-.63333	1.74445	.983	-5.2870	4.0203
		41-50	-1.73333	1.74445	.754	-6.3870	2.9203
		>50	-7.13333*	2.27842	.016	-13.2115	-1.0552
	41-50	21-30	1.10000	2.07272	.951	-4.4294	6.6294
		31-40	1.73333	1.74445	.754	-2.9203	6.3870
		>50	-5.40000	2.53855	.160	-12.1721	1.3721
	>50	21-30	6.50000	2.53855	.064	-.2721	13.2721
		31-40	7.13333*	2.27842	.016	1.0552	13.2115
		41-50	5.40000	2.53855	.160	-1.3721	12.1721
*. The mean difference is significant at the 0.05 level.							

Multiple comparison tests showed that younger participants (21 – 30 years) or 31-40 years old participants significantly had lower gap score for responsiveness compared to their older counterparts (>50 years) ( $p < 0.05$ ). Similar results were also found for assurance (Table 4.7, 4.8, and 4.9). In their study about testing senior citizens' level of satisfaction in service quality at restaurants, Lee, et al. (2012: 220) state that the test

stated that there was a significant difference in satisfaction between senior citizens and younger , both at expectations and perceptions (0.28). The null hypotheses are, therefore, rejected.

#### **4.7.3 Gap analysis scores for the use of travel agency**

**Hypothesis testing:** there is a statistically significant difference in the expectations and perceptions in the use of travel agency.

On the issue of the different uses of travel agency, Tables 4.9 and 4.10 looks at the overall scores between expectations and perception on the descriptive statistics on the use of travel agency between business traveler and leisure traveler data. A hypothesis test outlined the following areas of focus:

- Statistical test
- Significance level
- The decision to accept or reject the null hypothesis

Results indicated that business travelers had higher gap scores for responsiveness, assurance, and empathy compared to leisure traveler ( $p < 0.05$ ) (Table 4.10, and 4.11). The combination of these three dimensions shows that the business traveller is more concerned about prompt service, knowledgeable and caring employees which links directly to the importance of “time is money” concept in business arena. Ciunova-Shuleska et al, (2013: 31) in their study on assessing travel agencies in Macedonia found that the major finding related to employees skills and also showed an element of caring combined with providing convenient business hours. This was further demonstrated in dimensions proposed in the study by Parasuraman, et al. (1988 cited in Ciunova-Shuleska et al (2013: 31). Given the results, the null hypotheses are, therefore, rejected.

**Table 4.10: Descriptive statistics with regards to use of travel agency**

Group Statistics					
	Use travel agency for	N	Mean	Std. Deviation	Std. Error Mean
Tangible gap	Leisure traveller	14	.7857	2.00686	.53635
	Business traveller	35	1.6000	2.94259	.49739
Reliability gap	Leisure traveller	14	2.9286	3.19770	.85462
	Business traveller	35	5.3429	4.67750	.79064
Responsiveness gap	Leisure traveller	14	1.3571	3.20113	.85554
	Business traveller	35	4.1143	4.05674	.68571
Assurance gap	Leisure traveller	14	1.3571	2.87180	.76752
	Business traveller	35	4.6286	4.13084	.69824
Empathy gap	Leisure traveller	14	1.0714	3.38468	.90459
	Business traveller	35	5.0000	5.08747	.85994

**Table 4.11: Independent sample T-test outcomes**

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Tangible gap	1.808	.185	-.948	47	.348	-.81429	.85894	-2.54225	.91368
Reliability gap	4.028	.051	-1.768	47	.084	-2.41429	1.36586	-5.16203	.33346
Responsiveness gap	1.162	.287	-2.271	47	.028	-2.75714	1.21406	-5.19952	-.31476
Assurance gap	2.575	.115	-2.705	47	.009	-3.27143	1.20935	-5.70432	-.83853
Empathy gap	4.038	.050	-2.655	47	.011	-3.92857	1.47960	-6.90514	-.95200

## 4.8 SUMMARY OF FINDINGS

The chapter performed an analysis on service quality with the emphasis on customer expectations and perceptions (according to expectations and perceptions quality index).

The outcomes were based on the following:

### 4.8.1 Demographics of respondents

4.8.2 Respondents' expectations.

4.8.3 Respondents' perceptions

The respondents were measured based on the five dimensions of service quality (Tangible, Reliable, Responsive, Assurance and Empathy) applied in 22 key variables.

## **4.9 DISCUSSION: RESEARCH OBJECTIVES**

The discussion focused on the research objectives and the hypothesis testing throughout the study. The key components were the following:

### **4.9.1 Tourism KwaZulu-Natal employees' expectations: Service quality travel agencies in Durban.**

Many scholars and other research work amplify that expectations are generally high as this is a nature of service quality. In South Africa, the travel agency is driven by the ASATA, the association that was formed for the promotion of professional service for the benefit of members and clients. The primary focus of ASATA is to improve and maintain a sustained and a profitable sector of its members and ultimately ensuring the delivery of a professional service to the clients. The association has set a high expectation dashboard for travel agencies, which simply provides customers with a guide to receiving service excellence. Furthermore, the South African tourism industry has recognised the importance of service excellence and as a result, in 2013, NDT through its marketing entity, SAT introduced the Lilizela Tourism Awards to reward and celebrate service excellence across the tourism industry. In his study assessing perceptions of local customers of travel agencies in Singapore, Litvin (2002: 271) recognised how Singapore ensured that service quality prevails in the tourism industry, by creating a service quality recognition programme, Singapore Gold Circle (SGC).

This study looked at how the service excellence structures in the travel agency industry have created expectations for customers. The respondents provided an insight by demonstrating high level of expectations from travel agencies. The respondents are in a high traveling environment with a 71% traveling for business and 28% on leisure. It was

discovered that the bigger portion of the frequency of travel was between 2-7 times representing a total of 73% of respondents. This demonstrates high level of expectations since the majority of travelers are business travelers which require complete convenience in terms of required service. From the demographics perspective, the study discovered that there was generally a significant difference in terms of expectations between women and men especially on the tangible dimension. The dimension refers to the image of the organization, therefore, it shows that more women visited the premises of the travel agencies as opposed to men who were more concerned about the reliability of the travel agencies. On the age element, a gap between the younger employees and older employees was discovered, especially, on the reliability dimension. The older employees are more concerned about the reliability of services as they constitute a larger percentage of travelling population.

The reliability expectation dimension was, however, the highest overall (4.8367) with the least being tangible dimensions (4.286). This is supported by Filiz (2009: 798) highlighting the highest overall score (3.84) on reliability and the lowest score (3.49) on the tangible dimension. The element of time, consistency and dependability clearly demonstrates that the respondents have high expectations across the board although the mostly regarded dimension is reliability.

#### **4.9.2 Analysing the perceived service quality of travel agencies**

The other objective as outlined in the study was focusing on assessing perceptions of employees of Tourism KwaZulu-Natal regarding travel agencies in Durban. The findings highlighted a lower score from expectations, which demonstrates that overall, the respondents were not satisfied with the service quality. Although the scores were lower than expectations, the highest score was on tangible dimension focusing on visually appealing materials (4.31) with the least score being the reliability dimension of providing error free records (3.37). Once again, Filiz (2009: 798) found out that the highest score was on empathy and the lowest was around tangibility on providing good reservation technology.

#### **4.9.3 Determining gaps between perceptions and expectations for Tourism KwaZulu-Natal employees**

On the issue of assessing respondents' service quality gaps on perception-expectation, the results showed that there was a statistically difference across all service quality dimensions. The ranking of gaps was from higher (Reliability) to lower (Tangible). Figure 4.4.1-5 outlines the gaps across all dimensions. On the detailed analysis of demographics, upon the test, there was no significant difference on gender category whereby both males and females were concerned about overall service quality, therefore the null hypotheses were accepted. On the issue of age, there was a significant difference between younger respondents and older respondents. As a result, the null hypothesis was rejected. There were, however, levels of significant difference at different dimensions. The expectations were higher than perceptions which mean there is a need for travel agencies to consider introducing SERVQUAL model to assess their current level of service.

#### **4.10 Summary**

Chapter 4 provided an in-depth analysis and discussion of the research findings and further made references from previous studies conducted on the topic. The researcher referred to previous work from scholars and other researchers in an attempt to compare findings. The research objectives and hypotheses testing formed the basis for this chapter. The findings allowed the researcher to provide practical recommendations for the travel agency industry in Durban to consider in pursuit for service excellence. Chapter five provides conclusions and key recommendations central to elevating the service quality of travel agencies.



## **CHAPTER FIVE**

### **Conclusion and Recommendations**

#### **5.1 Introduction**

For any industry to flourish and maintain sustainability, whether providing goods or services, the central pillar remains service excellence. Service quality is the catalyst for the advancement of customer loyalty for any firm. This is further supported by Johns, et al. (2004:82) reaffirming the fact that service quality translates into improved customer satisfaction. Chapter four presented an insight on the analysis of service quality gaps identified through the study. Furthermore, other gaps were identified through biographical data and a comparison of hypothesis that were tested in the research. The service quality gaps identified present an opportunity for travel agencies to assess their own areas of service quality so as to identify areas of concern that are impacting on the delivery of service excellence to their clients. The recommendations from the findings will further allow travel agencies to map the way forward in introducing a turnaround service quality strategy and programmes that will prepare travel agencies staff to keep abreast with current customer needs. The programmes will further enable the travel agencies to eliminate gaps and ensure service excellence is maintained for their clients.

#### **5.2 Evaluating TKZN employee expectations about service quality of travel agencies**

The data presented in chapter four has attempted to answer all key questions around the expectations from TKZN staff in relation to services offered by travel agencies. The population was assessed through the 5-point type questionnaire and the findings indicated that the respondents had high expectations with an average of over 4.3 mean score. The hypothesis 1 was not able to prove the statistical difference across all dimensions in the study. The results highlighted the ranking of all dimensions with the following mean scores: The statement of an excellent travel agency providing a good service as promised (Reliability, which scored high (83, 7) with an overall mean of over

4,8 followed closely by providing services at the promised time (77.6) and mean score of 4.7. Empathy ranked second across all variables. Responsiveness ranked third dimension and also outlined one of the most highlighted areas of expectation which focused on the time staff respond to queries. The results affirmed the notion of believing that good service equals trust by customers. According to the variation on strongly disagree (SD), participants did not tick any of the variables as this further affirms the high level of expectations from a travel agency by customers.

### **5.3 Evaluating TKZN employee expectations about service quality of travel agencies**

Similarly, with perceptions, the respondents scored high scores in terms of indication of positive perception for service quality across all dimensions. The respondents showed a positive outlook with agreed and strongly agreed featuring strongly in their responses. The scores, however, were lower than perception with an average mean score 3.6 or higher and the standard deviation of 0.69. The results showing the ranking of the variations in participants' responses for perceptions were as follows: My travel agency maintains error-free records (Reliability, SD = 4.1); my travel agency has employees who perform services right the first time. (Reliability, SD = 2.0); my travel agency provides services at the promised time. (Reliability, SD = 2.0); my travel agency has employees who instill confidence in clients. (Assurance, SD = 2.0); my travel agency has employees that make clients feel safe in their transactions. (Assurance, SD = 2.0); my travel agency has employees who keep clients' informed about when services will be performed. (Responsiveness, SD = 2.0).

These perceptions clearly highlight the strong and positive response rate on tangibility and empathy dimensions. The empathy dimension focuses on whether the travel agency attributes, such as, equipment and facilities can meet the perceptions that customers have about the service offered. Furthermore, on the empathy dimension, this demonstrates the level of which attention to detail is provided by staff towards customers.

#### **5.4 Determining gaps between perceived performance and expectations for TKZN employee about service quality of travel agencies**

In assessing service quality gaps between perceived performance and expectations, the respondents' scores were tested and compared across socio-demographic variables. For this, t-test was performed on demographics with two category variables or ANOVA test on demographic with three or more category variables. The results should show whether the two groups from the same population are significantly different from one another.

In testing the gap scores for gender, ANOVA t-testing was used and the results indicated that there was no significant difference in gaps on the respondents' gender ( $p>0.05$ ).

On the analysis of age, ANOVA t-testing was performed to investigate the service quality gaps across all age groups demonstrating a statistically significant difference on responsiveness, assurance and empathy ( $p<0.05$ ).

The independent sample test was performed to determine the gap for the use of travel agencies. The results showed a statistical difference in the use of a travel agency with business traveler demonstrating a higher gap score for responsiveness, assurance and empathy compared to leisure traveler ( $p<0.05$ ).

#### **5.5 Benefits of the research**

The main purpose of the study was to assess the perceptions and expectations of TKZN employees on the service quality in travel agencies in Durban. The results of the study provided valuable insights which will enable the researcher to outline recommendations for the affected stakeholders identified in the research. The research findings will be shared with travel agencies in order to develop service excellence mechanisms and programmes in order to enhance their product scope in line with the current consumer trends.

Below, is an outline of how identified stakeholders will benefit from the study:

#### **5.5.1 Travel agencies**

Travel agencies will benefit directly from the study as the findings are directed at service quality in the services they are offering. There are a number of variables which were highlighted, such as, maintaining error-free records, performing services right the first time, providing services at the promised time, employees who instill confidence in clients, employees that make clients feel safe in their transactions and employees who keep clients informed about when services will be performed. These will enable management of travel agencies especially the human resource departments to develop innovative incentive schemes that encourage staff to perform optimally and efficiently.

#### **5.5.2 Product suppliers of travel agencies**

Suppliers of products especially technology suppliers, such as, Amadeus will ensure that they enhance their systems to be able to allow effective tailor making of services to clients.

#### **5.5.3 Service providers of travel agencies**

The service providers, such as, marketing agencies and PR agencies will be able to use the research to develop appropriate marketing and communication strategies to enable image building of travel agencies.

#### **5.5.4 Associations**

The association, such as, ASATA will benefit from the study by sharing this with their network of members as one of the topics to be discussed at their annual conferences.

#### **5.5.5 Clients**

The clients, in this case, employees of TKZN, will benefit immensely from the study as they will have access to improved service quality. They will further expand to their friends and families outside of the work environment. The overall study also identified several gaps across all dimensions

## **5.6 Recommendations**

The findings from the study provided insights that will enable travel agencies to develop strategies that will improve service quality and encourage customer loyalty. The proposed recommendations should look at attributes that were identified across all service quality dimensions looking at socio-demographical components. It should be noted that those dimensions demonstrated significant statistical differences between expectations and perceptions performance. The recommendations will follow the ranking of dimensions according to importance as per the findings.

### **5.6.1 Reliability**

This dimension focuses on the ability of the travel agency staff to perform a service as promised, accurately, on time, dependable in handling clients' problems and maintaining error free records. The significant statistical difference was largely found in the expectations of respondents. Many travel agencies, especially overseas, make mistakes when booking travel for clients. This is attributed to the lack of geographical awareness and comprehension. As a result, clients get frustrated when they reach their destination. Many travel agencies are appointed on a contract basis for a period of 3-5 years and the negative performance could lead to the loss of contracts. Managers should introduce innovative training programmes especially looking at countries that constitute high requests for bookings. The travel agencies should also introduce monitoring mechanisms for quality check for accuracy.

### **5.6.2 Empathy**

Empathy was ranked second across all dimensions and it refers to the level of attention to detail that staff provides when servicing customers. This relates to employees who give clients individual attention, understanding the needs of clients, having client's best interest at heart and a travel agency providing convenient business hours. This industry has a high volume of after-hours enquiries especially when clients get confronted with challenges before, during and after travelling. Customers are looking for more than just service but also advice on travel needs especially on time to travel, as well as, things to do based on customer profile. One of the most critical aspects of providing personalized

service is to demonstrate a company's ability to provide attention to detail. Management should ensure that they groom agents to become more of professional consultants.

### **5.6.3 Assurance**

Assurance focuses on employees of travel agency instilling confidence in clients, making clients feel safe with their transactions, consistently courteous and giving clients individual attention. The findings clearly demonstrated the lack of confidence in the agency. Overall, the dimension cannot be looked at in isolation as it is directly linked to other dimensions, namely, empathy and responsiveness. These findings provide an opportunity for travel agencies to invest in customer relationship management initiatives so as to ensure consistent contact with customers.

### **5.6.4 Tangibles**

On the tangible dimension, the mean scores were the lowest across all dimensions. This relates to an agency with modern equipment, visually appealing facilities, neat appearance of employees and appealing materials associated with service. Even though the scores were low, this dimension demonstrated significant statistical difference in gender component where it showed that women were more concerned with the image of the travel agency. The management of travel agencies needs to equip those agencies with modern equipment and ensure that they keep abreast with the latest trends. The tourism industry and customers have placed too much pressure on travel agencies to adopt ICT in their processes. Many travel agencies have installed modern reservation systems linked to global airlines, hotels and other travel services, as emphasised in Cheng and Cho (2011:490).

Although the study looked at the internal factors within agencies, there are number external factors affecting travel agencies. The travel agency sector in South Africa is driven by ASATA. The association was created as a forum for the industry to promote professional service with security for both members and their clients. Furthermore, external bodies allow travel agency to be linked to IATA through an accredited process. The membership to IATA is crucial for travel agencies as this allows travel agencies to

benefit from the airline body's accreditation for air tickets sold annually on behalf of over 260 IATA airline members. The Department of Tourism (NDT) through South African Tourism (SAT) recognised the importance of service excellence in the tourism industry, introduced the Lilizela Tourism Awards to reward and celebrate companies demonstrating service quality.

## **5.7 Limitations of the study**

For this study, the author was subjected to the following limitations:

- The study assessed the expectations and perceptions of service quality which are limited to individuals and also subjective in nature. Although the SERVQUAL tool was used to measure data, the process was shortened due to MBA timeframe which may have influenced the validity and reliability of data.
- The study focused only on staff of TKZN which is a limitation in terms of diversity of the broader population outside of the organization that could have participated in the survey.
- The smaller percentage of population is regular travelers as opposed to the bigger percentage of lower level staff.
- The study had a limited time frame and unfortunately it didn't allow for other stakeholders to participate providing a broader pool of participants.

## **5.8 Directions for future research**

- The study only focused on TKZN staff perceptions which are limited to a small sample and lack in diversity of the broader population outside of the organization that could've participated in the survey.
- Future research could be broadened to include a larger segment including other government institutions and departments in order to produce a comparative analysis between government departments and parastatals.

- The study did not involve views from travel agencies so as to get a balanced view. Further research could also include the travel agencies perspective on service quality and assess their current mechanisms in place and compare those with perceptions of customers.
- Further surveys should be conducted regularly so that there are constant measurements in terms of whether service excellence is maintained.

## **5.9 Conclusions**

The recommendations presented are central to building a service oriented travel agency sector. It is imperative that travel agencies, as they are central to the tourism industry value chain, to introduce a solid service quality in building their competitive advantage. The industry is labour intensive and also the staff turnover is high. This presents a bigger challenge for travel agencies to maintain their highly skilled staff. This calls for travel agency management to ensure that they develop mechanisms for measuring service quality and provide adequate tools for the continuous development of their staff.

The study presented key insights by identifying gaps between expectations and perceptions by participants of the study towards travel agencies. Key outcomes from the study clearly demonstrated the need for travel agencies to consider service quality model in assessing their current programmes. The main thing is to establish alignment between perceptions and expectations of service quality. Innovation also plays a critical role in any industry's success; therefore, travel agencies should invest in modern equipment to keep abreast with current trends.

The results further outlined significant statistical difference across all dimensions of service quality whereby expectations were greater than perceptions. This has critical implications for travel agencies management to develop strategies to mitigate the challenges. The research findings have presented an opportunity for travel agencies to innovate in order to remain relevant in the current global trends.



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## **APPENDIX 5: LIST OF ACRONYMS AND ABBREVIATIONS**

ASATA	Association of South African Travel Agencies
IATA	International Air Transport Association
NDT	National Department of Tourism
ROI	Return on Investment
SAT	South African Tourism
TKZN	Tourism KwaZulu-Natal
TNW	Travel News Weekly
UNWTO	United Nations World Tourism Organisation