Impact of Service Quality on Customer Satisfaction of Travel Agency in Kerala - A Case Study

Arsha Bhadra. S[1] and R. Rajesh[2]

Post Graduate Scholar [1] and Associate Professor [2]

Industrial Engineering and Management

Department of Mechanical Engineering

Rajiv Gandhi Institute of Technology

Kottayam, Kerala

India

_____

ABSTRACT

Travel agencies are the most important and lowest cost channel of distribution for airlines. They contribute to 80% of total airline tickets sales. They provide clients professional, personalized service and expertise to fulfill travel requests. In this era of e-commerce & e-business the sustainability of travel agencies in the future will be directed, related to their ability of combining the resources they already have with an efficient use of the resources provided in the web. Travel agencies should be able to hunt for bargains in an efficient way and offer service quality to the customers at an affordable price. Hence it is important to assess the service quality of travel agencies with reference to the customer satisfaction. Here the impact of service quality on customer satisfaction is found out.

Key Words: Service Quality, Customer Satisfaction, Regression Analysis.
_____

1. INTRODUCTION

Service quality is a concept that aroused considerable interest in research literature because of the difficulties in both defining it. Service quality is defined as the extent to which a service meets customers' needs or expectations. Service quality is the difference between customer expectations of service and perceived service. If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs.

The scope of the study is to understand service quality in the case study of the organization and suggest strategies to improve customer satisfaction of the organization.

XYZ is a vibrant organization is staffed by over 700 professionals and has clocked a group annual turnover of Rs.650crore. It functions as accredited agents for hall most all leading airlines in the world and makes reservations at major hotels around the world .The company has state-of-the-art offices in Thiruvananthapuram , Cochin, Kayamkulam , Chennai, Bangalore, Hyderabad, Tirur, Tuticorin, Mangalore, Mumbai, New Delhi and Abu Dhabi etc.

It is a travel and tourism industry. This vibrant organization is staffed by over 250 professionals and has clocked an annual turnover of Rs. 20.2crores. Assessing the service quality of such a company will be helpful to improve their service quality which will lead to customer satisfaction. The findings of this study will offer vital information to the organization on the ways of improving the service quality based on 5 factors that affect service quality. This may lead to improvement in their organizational performance.

2. LITERATURE REVIEW

SERVQUAL model was adapted for this study. Parasuraman et al. (1985), Identified ten components of SQ: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding, tangibles. Later these components were collapsed into five dimensions: reliability, assurance, tangibles, empathy and responsiveness. Reliability, tangibles and responsiveness remained distinct, but the remaining seven components collapsed into two aggregate dimensions Assurance and Empathy.

3. METHODOLOGY

Literature review was done to understand more about SERVQUAL Model and its factors, based on which a questionnaire was prepared. First part of questionnaire contains personal details about the customer. Second part contains questions based on 5 factors of service quality. Third part contains questions to check overall service quality of XYZ. A suggestion Part is also kept to get valuable suggestion from the customers. Survey was conducted from the customer data base of XYZ and 243 data's were collected through random sampling method. Data were assessed and impact of service quality factors on customer satisfaction was found out by regression analysis.

4. RESULTS

4.1 Factor Analysis

Initially, the factorability of the 26 items was examined. Several well-recognized criteria for the factorability of a correlation were used. The Kaiser-Meyer-Olkin measure of sampling adequacy was .603, above the commonly recommended value of .6, and Bartlett's test of sphericity was significant ($\chi^2 = 1079.409$, $p < .05$). The communalities were all above .5 (see Table 4.1), further confirming that each item shared some common variance with other items.

Table 4.1. Communalities

	Initial	Extraction
T1	1.000	.799
T4	1.000	.593
T5	1.000	.881
RE8	1.000	.644
RE9	1.000	.564
RE10	1.000	.635
ASU13	1.000	.686
ASU14	1.000	.696
ASU16	1.000	.770
RES18	1.000	.767
RES19	1.000	.631
EM24	1.000	.608
EM21	1.000	.742
EM23	1.000	.686

It is evident from the factor analysis that the causal factors have been regrouped as Component 1 Tangibility (T1, T4 and T5) T1- XYZ has modern & well-furnished office; T4- Customers are provided with quality hospitality (Refreshment &Entertainment facilities); T5- Toilet is clean and easy to use, Component 2 Reliability (RE8, RE9 and RE10) RE8- XYZ provides its services right the first time; RE9- XYZ provides its service at the time it promises to do; RE10- ATE insists on error free records, Component 3 Responsiveness (RES18, RES19) RES18- Employees are consistently courteous with you; RES19- Employees have the knowledge to answer your questions, Component 4 Empathy (EM21, EM23 and EM24) EM21- Employees are polite to customers when providing service; EM23- XYZ has employees give you personal attention; EM24- Employees understand your specific needs and Component 5 Assurance (ASU13, ASU14 and ASU16) ASU13- Employee give you prompt service; ASU14- Employees are always willing to help customers; ASU16- Employees are experienced and well trained.

A total of twelve items were eliminated because they did not contribute to a simple factor structure and failed to meet a minimum criteria of having a primary factor loading of .4 or above.

Table 4.1. Rotated Component Matrix

	Component				
	1	2	3	4	5
T5	.923				
T1	.884				
T4	.724				
RE10		.773			
RE8		.722			
RE9		.714			
RES18			.827		
RES19			.747		
EM21				.852	
EM24				.700	
EM23			.553	.602	
ASU13					.799
ASU14					.751
ASU16					.623

4.2 Regression Analysis

In order to study the combined effect of extraneous variables on customer satisfaction, linear regression analysis was carried out. Score regarding customer satisfaction is taken as dependent variable and variables such as Tangibility, Reliability, Responsiveness, Empathy and Assurance respectively are taken as independent variables. Regression analysis was carried out and results are presented in Table 4.3.

4.3 Regression Model

Customer satisfaction = 4.119 + .100(Tangibility) + .209(Reliability) + .278(Responsiveness) + .308(Empathy) + .444(Assurance)

Table 4.3. Regression Analysis of Service Quality and Customer Satisfaction

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.119	.031		134.629	.000
Tangibility	.062	.031	.100	2.018	.045
Reliability	.130	.031	.209	4.246	.000
1 Responsiveness	.173	.031	.278	5.636	.000
Empathy	.192	.031	.308	6.254	.000
Assurance	.276	.031	.444	9.011	.000

Dependent Variable: Customer Satisfaction

The R^2 of the regression equation is found to be 0.738 which indicates that 73.8 percent of variation in the customer satisfaction can be explained by the 5 variable taken for regression analysis.

Regression equation shows the impact of one variable on other variable. It shows how Service Quality dimensions show their impact on Customer Satisfaction. It has been seen from Table 4.1 that the Beta coefficient of the variable representing Tangibility is 0.100. The value of independent variable i.e., Tangibility is increased by one unit then there would be an increase in dependent variable i.e., Customer Satisfaction by 0.100 units. This shows that there is positive impact of Tangibility on Customer. The results are highly significant because the P-value in the table is 0.045 that is much less than 0.05.

Regression equation shows that there is a positive impact of reliability on customer satisfaction. This shows that if reliability of service quality is increased by one unit, the customer satisfaction is going to be increased by 0.209 units.

The results are highly significant because more customers prefer to use XYZ's service due to its promptness in providing relevant and accurate information. The effect of reliability is significant and its coefficient is positive indicating that greater the proportion of reliability, greater will be the customer satisfaction.

If assurance of service quality is increased by one unit, the customer satisfaction is going to be increased by 0.444 units.

The Beta coefficient of the variable representing Responsiveness is 0.278. The value of independent variable i.e., Responsiveness is increased by one unit then there would be an increase in dependent variable i.e., Customer Satisfaction by 0.278 units. This shows that there is positive impact of Responsiveness on Customer Satisfaction. The results are highly significant because the P-value in the table is 0.000 that is much less than 0.05.

Beta coefficient of the variable representing Empathy is 0.308. The value of independent variable i.e., Empathy is increased by one unit then there would be an increase in dependent variable i.e., Customer Satisfaction by 0.308 units. The results are highly significant because the P-value in the table is 0.000 that is much less than 0.05.

5. DISCUSSION

This topic shows the relationship between Service Quality and Customer Satisfaction. 243 respondents were given the questionnaire to be filled; 5 point Likert scale is used. A study was conducted on the literature and many variables related to the study were identified. A statistical tool SPSS was used to analysis the result.

Table 4.3 shows explain the regression analysis done to check the impact of independent variable on dependent variables. Result have also shown that all the independent variable have positive impact on dependent variable. So it is inferred that service quality is very crucial for explaining the satisfaction level of customers.

The goodness of fit (R square) shows how strongly the variables are related to each other. The result has shown that there is very strong relation exists between dependent variables (Tangibility, Reliability, Assurance, Responsiveness and Empathy) and independent variable (Customer Satisfaction). The R^2 of the regression equation is found to be 0.738 which indicates that 73.8 percent of variation in the customer satisfaction can be explained by the 5 variable taken for regression analysis.

6. SUGGESTIONS

(a) Tangibles are the 'visible' aspects of the service that are employed by businesses to improve external customer satisfaction. From the results obtained we can understand that 45.43% of customers are not so satisfied with this factor. Thus the following suggestions may be useful to increase customer satisfaction and improve service quality.

   i. **Front office**: Area should be increased and old furniture's should be replaced by modernized furniture which is eye catchy to the customers. Customers should be provided with water or other beverages while they are waiting.
  ii. **Atmospherics**: Exhaust facility could be improved along with air-conditioning quality. Scent and aroma in these must be better managed.
 iii. **Lighting and physical appearance**: Inadequate lighting and poor usage of colour has contributed to negative customer perception there for it should be improved.
  iv. **Entertainment facilities**: Comics, magazines, tour maps etc. should be provided at the front office, television should also be provided for their entertainment.
   v. **Cleanliness of wash room**: Timely cleaning should be done; wash room refreshers' should be used.

(b) Reliability means delivering on promises. In the suggestion part of the questionnaire 5 customers pointed out that there is some sort of delay to the services provided and also the complaints registered in the complaint book are not considered.

   i. **Proactively Communicate:** Avoid surprises. If you make a promise that you can't meet because of unforeseen circumstances let the person know as soon as possible. Do not wait until the last minute to tell him or her that you cannot do it. If you are late, call ahead to let the person know when you can meet instead of letting the person wonder where you are.

ii. **Respect Time:** If you tell someone you can meet at a certain time, you have made a promise. Being on time shows others that you are a person of your word. When late, you are saying, "My time is more valuable than your time."

iii. **Error free records:** Use your best team to deal with the issues faced by the customers. Keep track of the complaint book once every week and be quick and attentive if there is a problem or concern.

(c) Responsiveness is the willingness to help customers and to provide prompt service. From the results obtained we can understand that 12.51% of customers are not so satisfied with this factor. Thus we can increase customer satisfaction.

Question 18 and 19 represent the factor responsiveness in the questionnaire, the mean value of 18 and 19 questions are 4.4115 and 4.1317 these values can be improved from the following suggestions.

i. **Actively listen** to effectively respond. Really listen to what the client is saying before you respond.
ii. **Maintain good eye contact:** It shows respect, and shows you're listening.
iii. **Follow up:** Your business will stand out if you send a follow-up e-mail after an important client meeting or a handwritten thank you note to a client who just made a large purchase.
iv. All employees should be made aware of all the services and newly launched travel packages so that they have sufficient knowledge to answer the customers questions while attending to them.

(d) Assurance is employees' knowledge and courtesy and the ability of the firms and its employees to inspire trust and confidence. Assurance provided by XYZ is pretty good.

From the annual report of XYZ 350 complaints were received during the period of 2012-2014. Out 350 complaints received, 32 complaints pointed out that some of the employs were not having sufficient awareness of the travel packages and had to refer about it with other employees, which consumed more time, 15 complaints pointed out that they did not receive timely response to their emails and enquiry. In the suggestion part of the questionnaire 6 customers pointed out that more training should be provided to newly employed personnel.

i. Attentiveness and promptness in dealing with customer requests, questions, complaints and problems should be improved and timely actions should be taken. Involve the employees in the planning and implementing the Customer Service. Get them involved from start to finish make them understand they are part of the process, take steps to get inputs of what customers needs are and what they want and involve the employees in solving the customer's requirements to their expectations.

ii. Respond to inquiries and emails within 24 to 48 hours, even if it's just to say "I got it and will get back to you by next week."

iii. Newly employed personnel should be brought to direct contact with top people from management so that they can be provided with useful information regarding the services offered by the services offered by the organization which can be of great help in improving and effectively managing the services with simple adjustments here and there.

(e) Empathy: From the results obtained we can understand that 21.54% of customers are not so satisfied with this factor.

Question 21, 23 and 24 represent the factor empathy in the questionnaire, the mean value of 21, 23 and 24 questions are 4.309, 4.0905 and 4.1358 these values can be improved from the following suggestions. From the complaint register it was found that 6 customers had problem with employees trying to sell their product and not paying any attention to them and also not understanding their specific needs.

i. Stop selling and start listening — intently.
ii. **Communicate through preferred channels:** Following-up with customers through the customer's optimum channel of text, phone or email demonstrates that the associate paid attention, documented the request and wants to build upon the initial relationship.
iii. If you know what makes them tick, you can serve them in the way they prefer.
iv. If your customers enjoy dealing with you, they're likely to buy more. And you can only tackle problems that customers have if you know what they are.
v. You'll be more successful if you can match what you're offering to what you know your customer can afford.

The above suggestions implemented in to the company will make the company come up to the expectations of the service quality by customers and thus excellence in services can be achieved and delivered to the customers, thus improving the companies performances and increased profitability to the companies in a competitive global marketing environment.

7. CONCLUSION

Tourism is the world's largest industry. The impact of tourism is extremely varied. On one hand, it plays an important and certainly positive role in the socio-economic and political development in destination countries by, for instance, offering new employment opportunities. Also, in certain instances, it may contribute to a broader cultural understanding by creating awareness, respecting the diversity of cultures and ways of life. Travel agents has a massive impact on the tourism sector as its where tourists go for their holidays.

The travel industry is becoming highly competitive in terms of the services provided by the agencies. Hence assessing service quality is very important to be in competition, it is a key factor in differentiating service products and building a competitive advantage. This study also identified five tourism service quality dimensions, namely, tangibility, reliability, responsiveness, assurance and empathy, all of which comprise the criteria tourists use to evaluate the service quality of XYZ.

Using the SERVQUAL model to assess service quality enables management to better understand the various dimensions and how they affect service quality and customer satisfaction. This will help them to identify those that have strengths and weaknesses and thereby make necessary improvements. In this study, service quality and customer satisfaction was measured by using the SERVQUAL model.

REFERENCES

[1]. **Parasuraman, Valarie A. Zeithaml, & Leonard L. Berry** (1985). A Conceptual Model of Service Quality and Its Implications for Future Research, Journal of Marketing Vol. 49, 41-50.

[2]. **Parasuraman, A., Zeithaml, V. &Berry, L** (1988). SERVQUAL – multiple-item scale for measuring consumer perceptions of service quality. Journal of Retailing, Vol. 64, No. 1, pp. 12-40.

[3]. R**.Archana and Dr.M.V.Subha** (2012). "A Study on Service Quality and Passenger Satisfaction on Indian Airlines", Zenith International Journal of Multidisciplinary Research, Vol.2 No. 2, February, pp.50-63.

[4]. **Yu-Hern Changa and Chung-Hsing Yeh** (2002). "A Survey Analysis of Service Quality for Domestic Airlines", European Journal of Operational Research, Vol.139, No. 1, 16 May, pp. 166-177. 56