

## Service Quality of Travel Agencies in Taiwan

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### Abstract

The Taiwan Government's decision to implement its new regulations pertaining to five working days per week policy has altered the life-styles and recreations of Taiwan's citizens tremendously. The development of this study follows PZB's SERVQUAL model. The SERVQUAL service quality attributes were used to measure the quality of service, and the overall traveler satisfaction of the products and services in the Travel Agency Industry. The results showed that customers' perceptions of service quality fell short of their expectations, with the reliability dimension having the largest gap and the tangibles dimension have the smallest gap. The results also implied that the customers place more emphasis on the professional service ability and courteous service attitude from the employees of the travel agency compared to the tangible materials. Finally, constructive recommendations are provided.

Key Words: Travel Agencies, Service Quality, Taiwan

### Introduction

The growth of tourism and leisure are due to social factors that boost demand and technology that makes mass travel and leisure recreation possible. It is in the direct effect of the Taiwan Government's decision to implement its new regulations pertaining to five working days per week policy; this policy has altered the life-styles and recreations of Taiwan's citizens tremendously. Among the tourism businesses, Travel Agency Industry is one of the service intensive industries and it is indispensable. Their services include providing travel information, issuing air tickets, organizing tour packages, serving as intermediary for hotel bookings and arranging car rental services. In the recent years, the number in the Travel Agency Industry has increased greatly in Taiwan. However, there are also increasing number in disputes among the customers and the travel agencies. Sequentially, to achieve an excellent level of success in this industry, we must recognize the role and importance of the travel agencies. In view of the fact, that superiority in services have become increasingly recognized as a critical factor of success for any industry. Obviously nowadays, the demand for quality services has become the major rules of engagement for the success of the Travel Agencies Management.

The development of this study follows PZB's SERVQUAL model. The purpose of this

study is to assess the customers' expectations and perceptions of service quality, and to identify the gap between these expectations and perceptions. The SERVQUAL service quality attributes were used to measure the quality of service, and the overall traveler satisfaction of the products and services in the Travel Agency Industry. The results will show the travelers' distinction between the five service dimensions and a hierarchy of service quality expectations and perceptions. In addition, the findings will also show the expectation values exceeded perception values in the 22 attributes. Hence, it will generate a negative gap which indicating the travelers' perception of service quality was not meeting the travelers' expectations of service quality. Thus, the goals of this research are to uncover the diverse levels of travelers' satisfaction on the service quality. In addition, to reveal the focal attributes of the travel agencies and how they influence the travelers' satisfaction. The findings of this study could be a good reference for the Travel Agency Industry to improve their service quality.

### **The Global Travel Agencies Issues**

Tourism is a key industry in the economy and it is expected to play a key role in the service industry sector (Aaron, 2006). Undoubtedly, the travel agent represents an important intermediary within the travel industry. The services of travel agent include a sales outlet of air carriers, hotels, car rental firms, major attractions, event organizers and other travel suppliers; in addition, providing travel information, organizing tour packages, serving as middlemen for hotel bookings, issuing air tickets, and arranging car rental services (Lam & Zhang, 1999). Travel agencies also play a fundamental role in the development of the tourist sector, and facing intense change in the competitive environment in many countries (Lam & Zhang, 1999; Millan & Esteban, 2004; Aaron, 2006). Recent changes within the travel industry have resulted in the travel agency business becoming increasingly competitive. Due to the fact that the shift is toward information technology, the travel agent's traditional roles as an intermediary has come under severe pressure and is currently challenged to its existence. In addition, travel agents have faced difficult time in recent years due to the increasing customer demands and internal competitions.

There are about 21,000 travel agents in the United States. During the 1990s, the number of U.S. travel agents dropped by 18 percent, and some studies suggest that another 25% will go out of business during the next few years; this is known to be a worldwide trend. In the United Kingdom, the number of leisure travelers booking through travel agents has dropped by 12 percent over the last three years (Kotler, Bowen & Makens, 2006). The number of travel agents has been decreasing in recent years due to the growth of direct booking and customers self-booking travel on the Internet. However, if travel agents are to survive they will have to counter the lower prices offered by the Internet distribution of travel products, with another

form of value: the personal service. That is, creating value through the knowledge of the product and incorporating the knowledge into the products they sell. Travel agents that add personalized service and unique or customized products will be able to survive disintermediation.

### **The Travel Agencies in Taiwan**

In the 21<sup>st</sup> century, it has facilitated the tourism and leisure industries to develop into one of the most popular demand in business trends. According to the World Travel and Tourism Council, which is an industry lobby group, Travel and Tourism is expected to generate US\$6477.2 bn of economic activity and 10.3% of total GDP in 2006, growing to US\$12118.6 bn and 10.9% of total GDP by 2016. For world, Travel and Tourism activity is expected to grow by 4.2% per annum in real terms between 2007 and 2016. It estimates that tourism and leisure sustain one in eleven jobs around the world, providing work for 235 million people in 2006; by 2016 it could create another 45 million jobs (WTTC, 2006).

Along with the economic growth, a wide variety of tour products, in particular the overseas tour, have been introduced due to consumer's attention to the quality of leisure life (Chen & Yang, 2006). According to the "New Tourism Goals" developed by Tourism Bureau in Taiwan, Taiwan will be transformed from "An Island of Industry" into "An Island of Tourism" in the 21<sup>st</sup> century. In addition, they are planning to raise the tourist satisfaction index of the major domestic destinations to 85%. In fact, the growth in foreign visitors in Taiwan was boosting to 10% annually, and the domestic tourists are more than 100 million marks in number annually (TBROC, 2000). In spite of the vast growth of tourists in Taiwan, presently there is only a modicum of published researches on the subject of travel agencies and related service quality expectations topics. Moreover, according to the statistics of the Travel Quality Assurance Association in Taiwan, there are six to seven hundred of travel dispute cases that were handled by the Association yearly (Table 1). Hence, the travel agencies in Taiwan have to pay close attention to this statistic, and must find a solution to increase the number in customer satisfaction and to decrease the number in dispute case. And then perhaps, they will have a chance to survive.

Table 1. Statistic Chart of Travel Dispute Cases (Year1990 to 2005)

Year	Number of Travel Dispute Cases	Number of Person
1990	73	420
1991	176	1523
1992	203	1560
1993	202	1613
1994	233	2490
1995	328	1803
1996	546	3605
1997	540	3347
1998	485	2313
1999	680	3943
2000	624	3729
2001	664	4792
2002	674	7028
2003	527	3046
2004	701	3473
2005	651	3283

Source: Travel Quality Assurance Association in Taiwan (2006)

### The Application of SERVQUAL

Although there is some arguments of the SERVQUAL model, however, from the perspective of a simple practical tool in alerting service providers and management to potential issues as relates to given services, the SERVQUAL model still possesses some value (Akama & Kieti, 2003). There were seldom research applied the SERVQUAL model to tourism industry. In the recent years, there is progressively more service quality research focus on the tourism industry. In fact, the SERVQUAL model has been widely applied in measuring customer satisfaction in different service-oriented industry such as hotel, airline, travel agency, museum, theme park, restaurant, resort, tourism center, park and recreation place (Chiang, 2004).

Some of the researches based on different industries showed different results. Lam and Zhang (1999) assessed customers' expectations and perceptions of service provided by travel agents. The results showed that the customers' perceptions of service quality fell short of their expectations, with the reliability dimension having the largest gap, followed by responsiveness and assurance, empathy, resources and corporate image, and tangibility. Gilbert and Wong (2003) measured and compared differences in passengers' expectations of the desired airline service quality in terms of the dimensions of reliability, assurance, facilities, employees, flight patterns, customization and responsiveness. The findings indicated that passengers consistently rank assurance as the most important service dimension. Akbaba

(2006) examined the service quality expectations of business hotel's customers; the findings showed business travelers had the highest expectations for the dimension of convenience, followed by assurance, tangibles, adequacy in service supply, and understanding and caring.

The research result of the Bigne et al (2003) had found out that the scale proposed by Parasuraman, Zeithaml and Berry (1988,1991) and adopted after the Delphi analysis to the services performed by travel agencies, constitutes a valid and reliable instrument for measuring service quality. As a result, the study is to assess the travelers' expectations and perceptions of service quality, and to identify the gap between these expectations and perceptions. That is, if the travelers' initial perceptions of service quality exceeded their expectations of service quality, then the travel agencies is considered as providing high quality service; vice versa, if the travelers' expectations of service quality exceeded their initial perceptions of service quality, then the travel agencies is considered as providing low quality service.

### **Research Method**

Due to the fact that the Chinese New Year holiday is the hottest travel season in Taiwan, we have decided to conduct the field surveys during the period of February to March of 2007 in the commercial districts where most travel agencies were located. A convenient sampling approach was used to choose the sample for the study. A total of 200 structured questionnaires will be distributed to the travelers. According to the previous literature review, the scale proposed by Parasuraman, Zeithaml and Berry and adopted after the Delphi analysis to the services performed by travel agencies, constitutes a valid and reliable instrument for measuring service quality (Bigne et al., 2003). Hence, the design of the structured questionnaires is based on the 22 SERVQUAL attributes that will be grouped into five dimensions. However, in order to construct the research more efficiently for the travel agencies and to avoid causing confusion of the respondents, the items labels and wording has to be modified from the original questionnaires that were developed by PBZ. A focus group was conducted to check the wording and comprehension of the items used in the measurement. To evaluate the level of traveler satisfaction, the Likert-type scale was used to measure the items. Therefore, respondents were asked to circle a value ranging from the scale 1 –Strongly disagree (Much less satisfied) to 5—Strongly agree (Much more satisfied).

The SPSS version 14.0 statistical software was used to analyze the data. Additionally, using the description statistic technique to understand the basic attributes of the sample, the paired-sample t-test comparing the service dimensions will be performed to see if there are any significant differences among them. Interpretation of the results will be done at 5% level of significance. If  $p < 0.05$ , then it is considered as being significant. A coefficient Cronbach alpha also tests the internal consistency of the overall items.

## Findings

Paired t-test was carried out to test the significant difference between the means of travelers' expectations and perceptions of the service. The gap scores for each attributes were calculated by deducting the expectation means from the perception means. A positive score indicated that, travelers perceived service quality was exceeding the tourist expectations. On the other hand, a negative gap showed that the travelers perceived service quality was not meeting the traveler's expectations. That is, the positive scores showed superior to the expected service while the negative scores showed poor quality. The paired-sample t-test between the respective expectation means and perception means of all the 22 attributes showed that they were significantly different. In general, there were highly significant differences among the dimensions.

When analyzed at attributes level, it showed that the customers gave the highest expectation score of 4.01 for "employees have sufficient knowledge to answer questions", and the second highest expectation score of 4.00 for "employees give fast and efficient service", and "making no mistakes in service related record". Furthermore, "employees look clean and tidy" got the lowest expectation score of 3.60. Conversely, when compared to perception of quality of service, the customers gave the highest score of 4.11 for "providing services at the promised time". The lowest perception score of 3.30 referred to "Employees handle customer's problem promptly and sincerely". Overall, the result revealed that the reliability and assurances were the highest expectations, followed by responsibilities, empathy, and the tangibles were the lowest. Furthermore, the reliability dimension having the largest gap and the tangibles dimension have the smallest gap. This implies that the travelers place more emphasis on the professional service ability and courteous service attitude from the employees of the travel agency compared to the tangible visually appealing materials.

## Conclusion

As a result, the outcome of this study permits no arguments, that it is critical to identify the specific expectations of the travelers, the dimensions of the service quality which travelers make their quality evaluations. Detailed analysis of expectations, perceptions and gap signify the scores of the attributes could facilitate the managers of the travel agencies in finding out the weak part of services and improving the services to meet customer's expectations. In addition, having the knowledge on these areas would assist the managers to improve the service quality in the Travel Agencies Industry. This study has revealed that the travelers of the travel agency had the highest expectations for the dimension of reliabilities, followed by assurances, responsibilities, empathies, and the tangibles, respectively. In order to stay in the competition, the travel agencies need to focus more effort on improving the employees' service attitude and sincerity, the ability to solve customer's problem, and the capacity of providing fast and

efficient service.

Hence, it is vital to identify the specific of the travelers' expectations, the dimensions of the service quality which travelers make their quality evaluations. A complete analysis of expectations, perceptions and gap mean scores of the attributes could help the managers of the travel agencies in finding out the weak part of services and improving the services to meet or exceed the customer's expectations. Additionally, having the comprehension on these areas would aid the managers to improve the service quality in the Travel Agencies Industry.

In general, the travel agencies must strengthen the functions which they provide, by added values to the service and to recognize the needs of the customer by offering the services which best satisfy the customers' demands in all situations. This means that the travel agencies will have to implement practical human resource strategies to recruit, train, and develop qualified employees. After all, the investment of time and training costs is critical to fulfilling customers' expectations, and ensuring customer satisfaction.

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