The Relationships between Perceived Value and Attitudinal Loyalty when Implementing a Client-Focused Philosophy in Travel Agencies

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Abstract
This paper offers further research in literature dealing with the impact that implementing a customer-oriented strategy in a travel agency could have on the customer. Within this context, trust, together with commitment, stand for the touchstone of Relationship Marketing. They contribute positively to maintain a relationship throughout a period of time. Likewise these two factors act as a vessel for the influence that satisfaction has on loyalty. It is demonstrated that satisfaction, trust and affective commitment of customers towards the agency cause a positive effect on their attitudinal loyalty.

Keywords: Travel agencies, CRM, loyalty, satisfaction, commitment, trust, client.

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Introduction

The tourist sector in general and the travel agency sub-sector in particular, currently find themselves in a rather complex and delicate situation, one that is highly dynamic due to factors such as technological innovations, a more demanding consumer, an increase in competition and changes in the tourism distribution system, which results in conflicts within channels and less commission for operating companies. In response to an increasingly turbulent, competitive and complex environment, both in the market-place and in technology, market orientation and relationship marketing coincide with a business strategy based on customer relationship management.

The main aim of this research paper is to further studies done on the impact an implementation of a client-focused strategy in travel agencies can have on the client. Conversely, the aim is to explore explanatory variables of the client-focused strategy and provide empirical evidence on the subject.

Through the design of an explanatory theoretical model based on the coexistence of two methods of the same business (online, offline), this study contributes to: the knowledge of the client's needs and behaviours; the analysis of value as perceived by the client, of its satisfaction in service provided, as well as loyalty developed with the perceived service, in order to allow the company to build a long-term relationship with the client which produces value.

Therefore, this study aims to verify whether a positive and significant relationship exists between a client-focused strategy in a travel agency and the development of a client’s attitudinal loyalty towards that agency which allows for the establishment of lasting and satisfactory relationships.

Literature Review

Most authors consider perceived value as a ‘global assessment’ that the client develops from the usefulness of a product or service, based on the ‘the perceptions of what is received against what is given’ (Zeithaml, 1988; Tocquer & Langlois, 1992; Caruana et al., 2000). Thus, value is ‘a positive function of what is received and a negative function of what is sacrificed’ (Oliver, 1999).

Literature on the subject indicates that there is a difficulty in defining the concepts of quality, value and satisfaction (Zeithaml, 1988; Woodruff, 1997) since to explain each of them, researchers make constant references to the other. The concept of value goes beyond quality; it supposes progress in incorporating sacrifices and other additional benefits. Studies that have looked at the relationship between both conclude that value is the result of quality, where value is understood as a higher order construction.

Regarding the link between value and client satisfaction it is important to define the distinction and relationship between them, due to the natural affinity of these concepts (Woodruff & Gardial, 1996). Although other authors
consider that these two constructs can be confused, the difference is clear; these constructs are different (Sweeney & Soutar, 2001). Whilst perceived value occurs at different stages of the purchase process, including pre-purchase (Woodruff, 1997), satisfaction is universally a post-use or post-purchase assessment. This affirmation allows a casual order to be established, where satisfaction is understood as a result of perceived value (Fornell et al., 1996; Caruana et al., 2000; Babin & Kim, 2001).

H1: The more a customer perceives value in the travel agency’s service, the more satisfied the client will be with the service.

Much attention has been paid to satisfaction in the last few years, given the importance of the concept, which is seen as an antecedent to customer loyalty. From the marketing point of view, it has been considered a determining factor in the success of markets (Reichheld & Sasser 1990; Teye & Leclerc 1998).

Hunt (1977), one of the pioneering researchers in the field of consumer satisfaction, defines it as ‘the favourable character of the individual's subjective assessment of the various outcomes and experiences associated with purchase or use of the product’. Alternatively, Anderson et al. (1994), define it as ‘an overall assessment based on the whole experience of the purchasing and consumption of an item or service over time’.

There is a proven relationship between satisfaction and loyalty (Bitner, 1990; Fornell, 1992; Zeithmal et al., 1996; Oh and Parks, 1997, Hyun, 2010; Chen, 2010), more to do with the attitudinal component of loyalty than the behavioural component.

H2: The more satisfaction the client feels towards their relationship with the travel agency, the more attitudinal loyalty they will have.

Trust is defined as the willingness to trust the other party in an exchange and to believe in their integrity and good faith. This definition explicitly points to vulnerability, as any form of trust always involves assuming risks (Bradach & Eccles, 1989; Moorma et al., 1992; Mayer et al., 1995; Christy et al., 1996; Bigley & Pearce, 1998; Delgado & Munuera, 2002). The definition of trust most widely cited is that of Morgan & Hunt (1994), which defines trust as the reliability and integrity of the other party, with which they associate qualities such as: being consistent, competent, honest, fair, responsible, useful, considerate and gracious.

The relationships under study are those which are established between a travel agency and its clients. The constant interaction these companies have with their clients enables them to give a personalised, tailor-made service that contributes to an atmosphere of trust in the relationship.

H3: The more satisfaction the client has towards their relationship with their travel agency the more they will trust that agency.

There are many studies that show the relevance of trust in developing long-term relationships in the tourist sector (Bejou & Palmer, 1998, Crotts et al., 1998; Kang et al., 2005). Trust, therefore, is essential in relationship marketing when promoting: consumer loyalty (Garbarino & Johnson, 1999),
The commitment to a relationship assumes that this ongoing relationship is important enough to warrant maximum effort in maintaining it (Morgan & Hunt, 1994). Research done on commitment in relationships includes some of the following aspects: Expectations of continuity (Crosby et al., 1990; Doney & Cannon, 1997); desire for continuity (Moorman et al., 1992; Gundlach et al., 1995; Kumar et al., 1995; Geyskens et al., 1996; Mohr et al., 1996) and willingness to invest (Morgan & Hunt, 1994).

When reviewing the literature on commitment, and as the authors note (Gundlach et al., 1995; Geyskens et al., 1996; Kim & Frazier, 1997; Gilliland & Bello, 2002), one can observe that commitment can come from two main sources: from the sentiments of the individual and from the economic implications that the relationship can have on the individual.

H4: The more trust the client has in the travel agency, the greater the client’s emotional attachment to it.

The analysis of customer loyalty is considered from three different perspectives (Dick & Basu, 1994; Zeithaml et al., 1996; Ruyter et al., 1998; Caruana, 2002): behavioural loyalty, loyalty and attitude, cognitive loyalty. Loyalty being like behaviour, the simple fact of a repeat purchase of a brand by an individual, which constitutes a positive attitude towards the company, generated through a process of internal assessment on behalf of the consumer draws together, along with the repeat purchase, the preferences of the customer and their preference of a certain supplier. This in turn generates a positive word of mouth preference for that company when said loyalty is shown, clearly demonstrating the trust placed in it (Dick & Basú, 1994).

There is literature that has set out and compared how higher levels of trust lead to a significant increase in customer loyalty (Andreassen & Lanseng 1997, Kandampully, 1997; Lee & Cunningham, 2001; Zins, 2001; Gilliland & Bello, 2002).

H5: The more trust the customer has in the travel agency, the more attitudinal loyalty they will have towards that travel agency.

Following this line of thought, Yoon & Kim (2000) highlight the importance that trust has, as a normative variable, when real customer loyalty (attitudinal loyalty) becomes apparent.

H6: The more emotional attachment the customer has in the travel agency, the more attitudinal loyalty they will show towards that travel agency.

The conceptual model is shown image 1.
Figure 1. Proposed Theoretical Model

Methodology

The research was done mainly through two routes: conducting in-depth interviews (to end-users of travel agencies), and by a survey (to end-users of travel agencies).

During October 2008, 10 in-depth interviews were conducted with different travel agency customers. The field work was done during the months of November and December 2008. The survey was conducted on paper and via email and by accessing a webpage.

The number of responses was 434, with a sampling error of 5%, in the worst case (p=q=50%) with a confidence level of 95%.

In order to measure the variables used in this model, 5 items for the variable perceived values were used, 9 items for satisfaction, 10 items for trust, 11 items for attitudinal loyalty and 4 for emotional attachment. 4 items were used to measure motives, manner and frequency of purchasing travel and finally 7 items collected age, gender, family income, marital status, employment status, qualifications and job description.

The items were measured with a Likert rating scale of 5. The measurement scales used were previously validated, taking into account the following studies: Zeithaml, 1988; Cronin et al., 2000; Amit & Zott, 2001; Martin, 2001, Andaleeb, 1996; Ping, 1997; Söderlund, 1998; Garbarino & Jonson, 1999; Ganesh et al., 2000; Sharma & Patterson, 1999, 2000; Sivadas & Baker-Previtt, 2000; Mattila, 2001, Moorman et al., 1993; Ganesan, 1994; Morgan & Hunt, 1994; Geyskens et al., 1996; Doney & Cannon, 1997; Selnes, 1998; Gwinner et al., 1998; Tax et al., 1998; Price & Arnould, 1999; Tax et al., 1998; Hult et al., 2000; Patterson & Smith, 2001; Ganesan, 1994; Süderlund, 1998; Price & Arnould, 1999; Beckett et al., 2000; Yoon & Kim, 2000; Lee & Cunningham, 2001; Mattila, 2001; Young & Dense, 2001).

The validity of the constructs considered is verified first with Cronbach's alpha internal consistency model. Secondly an exploratory factor analysis of the main components is carried out in order to verify the individual reliability
of each of the indicators with their respective construct used for the proposed explanatory model. The criteria for accepting that the reflective indicators are parts of the construct is a load higher or equal to 0.7. However many researchers state that this empirical rule should not be so rigid in the early stages of scale development and loads of 0.5 should also be acceptable (Hair et al., 1999).

For this study the acceptance criterion of 0.6 load factor was used.

The statistical methodology used are structural equation models, using LISREL software.

Results

The highest values of $\alpha$ (above 0.9) are for Trust, which shows a high trust factor as a measuring device. Higher than 0.8 are the $\alpha$ values for customer perceived Value, Satisfaction and Loyalty indicating an adequate reliability. The $\alpha$ value for emotional attachment is 0.626 and therefore the scale reaches a moderate reliability.

After the factor analysis it can be concluded that the reliability of the scale and the validity of the constructs is, in general, adequate.

Of those surveyed, 53% were men and 47% female, 75.1% of the respondents work and have a household income of above €2400 per month. The main reason for travel is LEISURE, over 95% and the second reason is to VISIT A PERSON, over 72.3%. BUSINESS as a reason, has a percentage of over 60% and is in the age ranges of 25-34, 35-44 and 44 and above. Regarding the frequency of travel; of the respondents that travel for LEISURE, 56.4% travel between 2 and 5 times per year, those who travel for BUSINESS 35.1% travel between 2 and 5 times per year and 32.4% travel more than 5 times.

Addressing travel purchases the following results are obtained: 58% of domestic travel for a weekend and 43.6% of domestic travel that lasts a week is purchased on the internet, the percentage of travel purchased at a traditional travel agency is below 20%.

However in international travel, purchases in travel agencies increase from 30.8% to 46.8%. Internet purchases continue to be more than 40% except for air travel that lasts more than 6 hours which falls to 19.8%.

All the coefficients, both in the measurement model with the construct Emotional Attachment (exogenous variable) and in the measurement model with the construct Attitudinal loyalty (endogenous variable) are significantly not null (given that all the associated t-students are greater than 1.96) and therefore all the observed variables have an optimal ability to stimulate the corresponding latent variables.

When analysing the effect of the latent variable, Emotional Attachment on the latent variable Attitudinal loyalty it is found that the coefficient 0.84 is not null according to the contrast of the associated invalidity (statistical t-
student below in brackets). It can be concluded that Emotional Attachment has a positive effect on Attitudinal loyalty. Therefore:

Hypothesis H6 is correct and therefore: the more emotional attachment the customer has to the travel agency, the more attitudinal loyalty they will show towards that travel agency.

Regarding the effects that Trust in the agency has on Commitment (attachment) and Loyalty (product), a covariance structural model is suggested, one where the exogenous latent variables are Commitment and Loyalty (provided these constructs are mentioned, they will refer to emotional attachment and attitudinal loyalty respectively).

In the previous AFC it was found that the construct Trust was properly measured by the patterns observed (as indicated by the high t statistics values in each of the null contrasts and its significant level below 0.05).

As can be seen, the significance of the two null contrasts for each coefficient (p-value) is very low and, therefore, the coefficients are considered null and also positive.

In that way one can speak of a positive effect of Trust in the agency on Loyalty and Commitment to said agency.

Therefore, the results obtained in this covariance structural model show that:

Hypotheses H4 and H5 are correct; Trust affects Attitudinal loyalty more than it does Emotional Attachment. Thus, the more the client trusts the travel agency, the more emotional attachment and attitudinal loyalty shown by the client towards it.

Regarding hypotheses H3 and H2, the AFC reveals that both Satisfaction and Trust are latent variables measured by their respective observed variables. To confirm this, it is necessary to look at the null contrasts for each parameter.

All t values are high and with approximate significant levels of 0.05. Therefore they are not null and the observed variables are considered to generate both constructs adequately.

The structural model is the one which predicts the cause and effect relationship between both latent. In this case, this effect is because the associated coefficient is significantly not null (t-student value 18.42 and p-value 0.06), high, positive (1.08) and has a very low error term. Therefore:

Hypothesis H3 is correct and, therefore, the more satisfied a customer is with their relationship with the travel agency, the more the customer trusts it.

Finally the casual relationship between satisfaction and attitudinal loyalty of the customer, i.e. hypothesis H2, needs to be verified.

Coefficient $\gamma$ 0.84, which measures the effect caused by satisfaction on loyalty, is positive and not null as statistic t of the contrast of nullity is high (14.73) and the p-value (0.06) associated with it is, approximately, at the required significance level of 5%. The error term associated with loyalty is low, which indicates a high degree of explanation by the model of said endogenous latent variable. In addition, the model has an almost optimal moderate adjustment, since its GFI is 0.74 and the RMR is 0.072.

In that way, and has happened in the other verified hypotheses:
Hypothesis H2 is correct and, therefore, the more satisfied a customer is with their relationship with the travel agency, the more attitudinal loyalty is shown.

The p-values associated with the null contrasts of each $\gamma$ coefficient are approximately significant to 5% (as distribution t is asymptotic the significance level shouldn’t be so rigid), therefore, the coefficients can be considered not null.

Regarding the goodness of fit, the two most representative indicators point to a moderated adjustment of the data by the model, thus leaving hypothesis H1 verified. Hypothesis H1 is correct, therefore, the more a customer perceives value the more satisfied that customer will be.

Figure 2. Results
Conclusions and Future Lines of Research

It is proven that satisfaction, trust and the client's emotional attachment cause a positive effect on their emotional attachment towards the agency. Many authors support the direct and positive influence trust has on emotional attachment (Andreson & Narus, 1990; Morgan & Hunt, 1994; Geyskens & Steenkamp, 1995; Wetzelset al., 1998).

Applying a client-focused strategy, which necessarily implies a relationship strategy, in the distribution of tourist services industry is relevant as a competitive weapon as it helps make customers loyal through satisfaction of their needs, achieving benefits for both parties.

In this context, trust, together with commitment is the cornerstone of relationship marketing, and contributes positively to achieving attitudinal loyalty, which is suitable for the maintenance of relationships over time. This variable also acts as a facilitator or mediator on the influence satisfaction has on loyalty. In the proposed model it is clear that attitudinal loyalty needs customers to trust the travel agency, i.e. not only show loyalty towards the travel agency by repeat purchases but also in behaviour, beliefs and a positive attitude towards the agency, capable of turning that relationship into a stable one over time. The existence of this trust leads to an increase of the emotional component in commitment positively impacting, in turn, on attitudinal loyalty.

From the empirical results we can conclude that value perceived by the customer causes a positive effect on satisfaction. Customer satisfaction also
depends on the perceived value of the service (Ravald & Grönnroos, 1996; Woodruff, 1997).

Among future lines of research, an analysis on a client-focused strategy from the perspective of a travel agency could be looked at. It would be necessary for the travel agency to have a multi-channel management both from the consumers’ perspective and that of the travel agency.

References


