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**Article**

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Amfiteatru Economic Journal

**Provided in Cooperation with:**

The Bucharest University of Economic Studies

Suggested Citation: Moisescu, Ovidiu I.; Gica, Oana A. (2014) : The Impact of Service Quality on Customer Behavioral Loyalty in the Case of Travel Agencies from Romania, Amfiteatru Economic Journal, ISSN 2247-9104, The Bucharest University of Economic Studies, Bucharest, Vol. 16, Iss. Special No. 8, pp. 1191-1204

This Version is available at:

<http://hdl.handle.net/10419/168886>

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## **THE IMPACT OF SERVICE QUALITY ON CUSTOMER BEHAVIORAL LOYALTY IN THE CASE OF TRAVEL AGENCIES FROM ROMANIA**

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### **Abstract**

Even though the concept of loyalty has been a key issue in tourism destination marketing for the last decades, the issue of customer loyalty in the case of travel agencies seems to be less emphasized in the specialized literature. The current research is part of a larger study directed at analyzing the impact of corporate social responsibility (CSR) on customer loyalty. Improving service quality is a fundamental part of the social responsibility of tourism businesses, while creating, maintaining and increasing customer loyalty is essential for the sustainability of these businesses. Starting from these assertions, the current paper tries to reveal certain correlations and to identify a model that depicts the impact of travel agencies' service quality on their customers' loyalty. In order to accomplish these goals, an online survey has been conducted among a sample of 286 Romanians which travelled using the services of a travel agency. In order to evaluate service quality, the SERVPERF assessment procedure was adapted to the case of travel agencies, using items related to tangibles (physical facilities, equipment and appearance of personnel), reliability (ability to perform the promised service dependably and accurately), responsiveness (willingness to help customers and provide prompt service), assurance (knowledge and courtesy of employees and their ability to inspire trust and confidence - including competence, courtesy, credibility and security), and empathy (caring and individualized attention that the firm provides to its customers - including access, communication, understanding the customer). In what concerns customer loyalty, the paper focuses on its behavioral facet, namely on the recommendations effectively made regarding certain travel agencies. In the proposed model, the scores regarding perceptions (SERVPERF) were approached as independent variables, while behavioral loyalty was depicted as dependent variable.

**Keywords:** travel agency, behavioral loyalty, service quality, SERVPERF, CSR, empirical research

**JEL Classification:** M31; L83

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## Introduction

One of the main factors that determine business competitiveness and success, both in case of the service sector, in general, and in the tourism and travel sub-sector, in particular, is represented by service quality (Lewis, 1989; Fick and Ritchie, 1991). The concepts of service quality and, respectively, of corporate social responsibility (CSR), are strongly connected. The concept of CSR (and that of sustainability, as well) essentially means that companies integrate social, economic and environmental concerns in their business operations, aiming to satisfy the needs of their stakeholders without compromising the ability of future generations to meet their own needs. The most important fields of CSR refer to employees-oriented activities, environment-oriented activities, society-oriented activities and last, but not least, market-oriented activities, among which improving the quality of products and services is essential (Mandl and Dorr, 2007). Improving service quality and providing high quality services, as part of the social responsibility of tourism businesses, can further generate and maintain long term relationships with important stakeholders, among whom customers are the most important.

At the same time, in order to be sustainable, any business in any sector should pay great attention to creating, maintaining and increasing customer loyalty, as well as to adequately managing long term customer relationships, thus assuring future consistent and predictable revenues. Moreover, an enterprise perceived by its customers as being socially responsible and having a sustainability orientation is more likely to obtain their loyalty (Mandhachitara and Poolthong, 2011).

Berry et al. (1988) state that service quality is an essential market differentiator and a powerful competitive instrument that all service organizations should strive to possess. There are several reasons for which service quality should be considered such an important issue. Firstly, higher service quality generates higher customer satisfaction (Johns et al., 2004), while both service quality and customer satisfaction impact the level of customer loyalty (Cristobal et al., 2007; Cronin et al., 2000; Imrie et al., 2000). Secondly, loyal and implicitly long-term customers, as compared to short-term customers, aside the fact that they repeat purchases, have a much greater tendency to buy additional services, generate favorable word-of-mouth communication, pay higher prices, while, in the same time, due to the experience curve, smooth the entire service process (Reichheld and Sasser, 1990).

During the last decades, researchers have paid great attention to service quality, customer satisfaction and customer loyalty, both, in general, and in the tourism and tourism destination marketing, in particular. Nevertheless, even though there are plenty of studies on service quality, satisfaction and loyalty in several tourism and travel related industries such as airlines and hotel industries, the literature is much scarcer when considering such issues in the case of travel agencies (Ryan and Cliff, 1997; Fache, 2000; Katircioglu et al., 2012;). Moreover, research in this field with evidence from Romania, to the best of our knowledge, is rather scarce.

The current research is part of a larger study directed at analyzing the impact of corporate social responsibility (CSR) on customer loyalty. Given the fact that improving service quality is a fundamental part of CSR in tourism businesses, as well as the fact that creating, maintaining and increasing customer loyalty is essential for the sustainability of these businesses, the *purpose* of this paper is to investigate the impact of the quality level of services offered by traditional/offline travel agencies on their customers' behavioral

loyalty, reflected by actual made positive recommendations. The main reason for which our current investigation was focused on the behavioral dimension of customer loyalty is the relative scarcity of the literature comprising studies that direct their attention on the effect of service quality on this facet of loyalty, especially if compared to other studies that focus on investigating the relationship between service quality and attitudinal loyalty, mostly in its form of repurchase or recommendation (expressed) intentions. Considering the research goal, a traditional/offline travel agency was conceptualized as one characterized by a mostly offline activity, physical locations, staff directly interacting with customers, printed contracts, printed informational and promotional materials, offline payments etc.

Further on, a literature review will be presented, followed by an outlining of the research methodology, and the description of preliminary analyses and proposed hypotheses and model. The research results will be afterwards presented and discussed, and, eventually, relevant conclusions will be outlined, alongside with the research limitation and future research directions.

### **1. Literature review**

The concept of service quality applied to specific travel and tourism entities such as tourism destinations, accommodation providers, airline companies, travel agencies etc. has been receiving an increasing attention during the last decade (Shahin and Janatyan, 2011). However, the concept of service quality is still a matter of debate, the difficulty of defining it residing mostly in the characteristics distinguishing services from physical products (Radomir et al., 2012). According to one of the most popular and oldest approach in the literature regarding the concept of service quality, dating back from the 80s, it represents the consumer's judgment about an entity's overall excellence or superiority, an attitude, related but not equivalent to satisfaction, resulting from a comparison of expectations with perceptions of performance (Parasuraman et al., 1988). The concept was further reiterated with minor modifications during the 90s, most of the researchers from that period of time defining service quality as the extent to which a service meets customers' needs or expectations (Lewis and Mitchell, 1990; Dotchin and Oakland, 1994; Wisniewski and Donnelly, 1996).

Due to the fact that defining service quality is still an ongoing debate, the issue of measuring it stands out as another matter of debate in the literature. Traditionally, service quality has been measured by evaluating the gaps between customers' expectations regarding the service and, respectively, their perceived performance of the service; implicitly, if expectations surpass perceived performances, service quality is said to be inadequate, and, hence, customers dissatisfied (Parasuraman et al., 1985; Lewis and Mitchell, 1990). This represents the main philosophy of the SERVQUAL model (Parasuraman et al., 1985, 1988) which has been the most popular method for service quality evaluation for several decades. Although initially the model comprised ten quality attributes (tangibles, reliability, responsiveness, competency, courtesy, assurance, credibility, security, access, and understanding), after a period of refinements it came to include a reduced set of five dimensions: tangibles (physical facilities, equipment and appearance of personnel), reliability (ability to perform the promised service dependably and accurately), responsiveness (willingness to help customers and provide prompt service), assurance (knowledge and courtesy of employees and their ability to inspire trust

and confidence), and empathy (caring and individualized attention that the firm provides to its customers). Due to criticism directed at SERVQUAL, other models for service quality assessment were conceptualized and adopted, gaining significant attention, both in theoretical and practical contexts. Thus, Rust and Oliver (1994) conceptualized a three-component model based on customers' perceptions regarding customer-employee interaction, service environment, and service outcome, while Brady and Cronin (2001) suggested a model based on customers' evaluations of environment, ambient conditions, facility design, and social factors. An important milestone in assessing service quality is considered to be the development of the SERVPERF model by Cronin and Taylor (1992; 1994), with a similar component structure as SERVQUAL, but with a different approach in quantification, the authors arguing that customer expectations are irrelevant in measuring service quality, while perceived performance is essential.

The vast majority of the studies conducted in order to assess service quality in the case of travel agencies were based on the classic components structure of service quality as conceptualized in SERVQUAL or SERVPERF (Johns et al., 2004). However, even though there are several studies in which researchers confirmed the appropriateness of the classic five-dimension structure (Luk, 1997), significant adaptations usually had to be made in order to make the measuring instrument compatible with the specific case of travel agencies. Lam and Zhang (1999), for example, used a modified model for the case of travel agents in Hong Kong, considering a different set of five components which comprised reliability, responsiveness and assurance, empathy, resources and corporate image, and, respectively, tangibility. Ryan and Cliff (1997) also altered the classic model when researching travel agencies in New Zealand by regrouping service quality items into three components: reassurance, reliability, and tangibles. Caro and Garcia (2008) also modified the construct, while assessing service quality provided by travel agencies from Spain, grouping quality items into three components: personal interaction (conduct, expertise, problem solving), physical environment (equipment, ambient conditions), and, respectively, outcome (waiting time and valence).

Another key issue for the current paper is customer loyalty and, implicitly, its relation to service quality. Aaker (1991) sees customer loyalty as the likelihood that a customer will switch to another brand/company, especially when that brand/company makes a change in price, product features, communication, or distribution programs. Oliver (1999) conceptualizes loyalty as a deeply held commitment to rebuy a preferred product/service consistently in the future, generating repetitive same-brand or same brand-set purchasing, even when situational influences and marketing efforts are directed towards a switching behavior. Customer loyalty is a complex construct. Thus, Laroche et al. (2001) see customer loyalty as a three-dimensional construct: cognitive (the willingness to select an alternative perceived as better than others), affective (the positive impression of the brand), and conative (the intention of returning to buy). Nevertheless, most researchers conceptualize customer loyalty as a two-dimensional construct: behavioral and attitudinal (Moisescu and Vü, 2011). In this approach, attitudinal loyalty comprises cognitive, affective, and behavioral intent components (such as repurchase or recommendation intentions), while behavioral loyalty reflects the actual repeat buying behavior (Dick and Basu, 1994), or *actual made recommendations*. Some researchers approach behavioral intent as an intermediary between attitudinal and behavioral loyalty, being either a predisposition to buy for the first time or a commitment to repurchase (Mittal and Kamakura, 2001).

The general consensus is that higher service quality should increase customer satisfaction and, furthermore, customer loyalty (Shahin and Janatyan, 2011). High levels of satisfaction, generated through high levels of service quality, create customers that are more likely to repeat purchases, to develop a long-term relationship with their service supplier, and to *make recommendations to others* thus contributing to future revenues (Zairi, 2000; Anderson et al., 2004). The situation also applies to the tourism and travel industry. Researching the hotel industry, Mohajerani and Miremadi (2012) concluded that perceived service quality can predict customer satisfaction, and, furthermore, customer loyalty is a result of both service quality and customer satisfaction. Recent studies conducted in Spain (Campo and Yagüe, 2007), Poland (Kobylanski, 2012), Cyprus (Katircioglu et al., 2012), Hong Kong (Kuo et al., 2013), and other countries/regions, have reinforced the existence of significant correlations between service quality, customer satisfaction and customer loyalty, and the positive significant impact of service quality factors on attitudinal loyalty in the case of travel agencies and other distribution channel members of the tourism and travel industry. Nevertheless, the impact of service quality factors on behavioral loyalty hasn't received enough attention until now, especially if empirical evidence from Romania is considered.

## 2. Methodology

The current research is part of a larger study directed at analyzing the impact of corporate social responsibility (CSR) on customer loyalty. Given the fact that improving service quality is a fundamental part of CSR in tourism businesses, as well as the fact that creating, maintaining and increasing customer loyalty is essential for the sustainability of these businesses, the purpose of this paper is to investigate the impact of the quality level of services offered by traditional/offline travel agencies on their customers' behavioral loyalty. The main reason for which we focused our current investigation on the behavioral dimension of customer loyalty is the relative scarcity of the literature comprising studies that direct their attention on the effect of service quality on this facet of loyalty, especially if compared to other studies that focus on investigating the relationship between service quality and attitudinal loyalty, mostly in its form of repurchase or recommendation (expressed) intentions.

Considering the research goal, a traditional travel agency was conceptualized as one characterized by a mostly offline activity, physical locations, staff directly interacting with customers, printed contracts, printed informational and promotional materials, offline payments etc. Given the fact that in Romania travel agencies are subject to strict national regulations, having to comply with several restrictions regarding location, working space, staff qualification etc., and to obtain a license issued by the Government, and due to the fact that agencies with exclusive online activity have been licensed in Romania only starting from 2011, online sales of travel services and package tours are still underdeveloped, most travel agencies in Romania still having a predominant traditional/offline activity.

In order to accomplish the main research objective, a questionnaire based survey was developed and implemented among a sample of Romanian adults who had acquired travel services or package tours from traditional/offline travel agencies, and had already returned from their trips/travels, having thus the time to make positive recommendations to their acquaintances. The data was collected online for a period of two months, with the voluntary

help of almost fifty master students, each of them promoting the data collection instrument among their own contacts, by personal means or by using online social and professional networks. After validating the data by removing uncompleted questionnaires, as well as questionnaires with problems regarding the excessive consistency among provided answers, the final investigated sample comprised 286 respondents. Regarding its structure, the sample comprised 36.36% men and 63.64% women, ranging from 19 to 50 years of age (41.3% under 25 years, 30.4% between 25-29 years, and 28.3% older).

The main measures that were taken into consideration covered service quality, on one hand, and, respectively, behavioral loyalty, on the other. In what concerns customer behavioral loyalty, we focused exclusively on the positive recommendations actually/effectively made regarding the same travel agency for which service quality was assessed. Thus, behavioral loyalty was conceptualized as a binary variable, reflecting whether customers did (137 cases; 47.9%) or did not (149 cases; 52.1%) make any positive recommendation regarding the travel agency from which they had made their last travel service or package tour purchase. The research inquiry was not extended to repurchases actually/effectively made from the same travel agency, as the time passed since the respondents' last purchase might have been too limited for them to be actually able to make a new purchase of travel services or package tours.

In order to measure service quality we adapted the classic SERVPERF approach to the particular nature of services provided by traditional/offline travel agencies. Although the SERVQUAL model could have been another viable option for this quantification, we adopted the SERVPERF conceptualization, as previous research concluded that, in comparison to SERVQUAL, SERVPERF explained more of the variation in consumers' overall perception, and was better in terms of content and validity regarding the quantification of service quality (Cronin and Taylor, 1992; 1994). Thus, service quality was depicted by a set of 21 ordinal variables reflecting customers' perceptions on a scale ranging from 1 = "entirely false" to 7 = "entirely true" (e.g.: "The agency had modern equipment and facilities"), related to the travel agency from which they had made their last travel service or package tour purchase. Following the classic five categories of service quality measurements, our 21 items covered: *tangibles* (7 items: modern equipment and facilities, documents and promotional materials appearance, agency staff appearance, cleanliness and neatness of the outward appearance of the agency, esthetics of the outward appearance of the agency, cleanliness and neatness of the inward appearance of the agency, and, respectively, esthetics of the inward appearance of the agency), *reliability* (3 items: providing services exactly as promised and in compliance with timeframes, providing services exactly as promised, for the first time, with no fixes needed, and, respectively, providing only high quality services to customers), *responsiveness* (4 items: staff being always available for helping/serving customers, communicating exact time frames of services or actions taken to help, delivering prompt service, and, respectively, quickly reacting to address any dissatisfaction/problem), *assurance* (3 items: staff inspiring trust and confidence, having a high degree of professionalism and knowledge in their field, and, respectively, being permanently courteous and polite), and last, but not least, *empathy* (4 items: staff understanding the specific needs and wants of customers, staff showing genuine interest in customers and their needs, staff approaching each customer individually and customized, and, respectively, agency working hours being very convenient to customers).

### 3. Preliminary analysis, proposed hypotheses and model

Before the actual data analysis intended to investigate the relationship between service quality and behavioral loyalty, a preliminary analysis was conducted in order to confirm the classic structure with five main components of service quality (tangibles, reliability, responsiveness, assurance, and empathy), or, on the contrary, to regroup quality items into a more adequate structure. Therefore, a principal component analysis (PCA) was conducted, using the Varimax rotation method with Kaiser normalization (Table 1).

**Table no. 1: Principal component analysis of service quality items: rotated component matrix and internal consistency reliability analysis**

	Item	Component loadings		Cronbach's alpha
		1	2	
<b>Intangibles</b>	Empathy item 1	.862	.300	.971
	Responsiveness item 4	.858	.257	
	Empathy item 2	.849	.322	
	Responsiveness item 1	.842	.272	
	Assurance item 3	.833	.292	
	Reliability item 3	.817	.319	
	Reliability item 2	.806	.281	
	Responsiveness item 2	.802	.364	
	Assurance item 1	.796	.309	
	Reliability item 1	.769	.355	
	Assurance item 2	.767	.361	
	Empathy item 3	.764	.376	
	Responsiveness item 3	.763	.342	
	Empathy item 4	.514	.419	
<b>Tangibles</b>	Tangibles item 5	.247	.845	.931
	Tangibles item 4	.254	.843	
	Tangibles item 7	.382	.775	
	Tangibles item 6	.398	.765	
	Tangibles item 3	.349	.765	
	Tangibles item 2	.302	.754	
	Tangibles item 1	.250	.732	

Source: own computations

As the results suggest, instead of grouping the items into the five traditional components, a two-component (*tangibles and intangibles*) structure is the more adequate one (Bartlett's Test of Sphericity: Chi-Square = 6613.889; df = 210;  $p < 0.001$ ). Moreover, considering Cronbach's Alpha as an adequate metric for assessing the internal consistency reliability associated with scores derived from scales (as in our case), it can be seen that both in the case of tangibles and intangibles (the two service quality components), Cronbach's alpha had a value of more than 0.9, fact that suggests excellent internal consistency reliability.



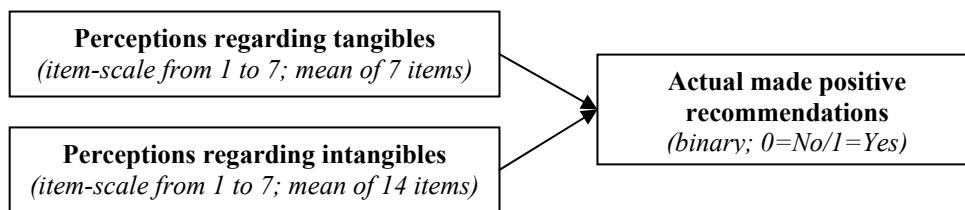
Considering the main objective of the research we formulated the following initial research hypothesis:

*H<sub>1</sub>: Each of the 21 items reflecting service quality has a significant and positive individual impact on actual made positive recommendations.*

Nevertheless, considering the two components of service quality (tangibles and, respectively, intangibles), as depicted after the PCA, the measurement of service quality was operationalized by computing the mean scores for each of the two groups of items reflecting the two components, and, furthermore, we formulated a second hypothesis:

*H<sub>2</sub>: Each of the 2 dimensions reflecting service quality (tangibles and intangibles) has a significant and positive impact on actual made positive recommendation.*

Finally, in order to investigate the combined/altogether impact of the two dimensions reflecting service quality (tangibles and intangibles), as predictors, on customer behavioral loyalty, as dependent variable reflecting whether a positive recommendation has or has not actually been made, a binary logistic model was proposed (Figure 1).



**Figure no. 1: Binary logistic model**

*Source: own computations*

**4. Results and discussion**

Due to the binary nature of the variable reflecting the behavioral loyalty facet taken into consideration in this study, and, respectively, the ordinal nature of the variables reflecting service quality items, in order to investigate the relationship between each of the 21 items, on one hand, and actual made positive recommendations, on the other hand (*H<sub>1</sub>*), t-tests were conducted so as to see whether the mean level of service quality was significantly higher in the cases with positive recommendations, as compared to those in which no positive recommendation had been made. Results in Table 2 confirm *H<sub>1</sub>* for all of the 21 items of service quality ( $p < .001$ ). Overall, it can be stated that the probability for a customer to make positive recommendations regarding a traditional/offline travel agency is significantly higher when service quality increases on any of the 21 aspects taken into consideration. Moreover, there are several service quality items which can be emphasized as having a significantly larger individual impact (as compared to other items) on customers making positive recommendations, such as those regarding agency staff quickly reacting to address any problem (related to responsiveness) and approaching each customer individually, in a personalized manner (related to empathy). Regardless, the results show that items reflecting tangibles tend to have a lesser individual impact on positive recommendations, in comparison to items depicting intangibles such as responsiveness, empathy, reliability and assurance.

**Table no. 2: Results of the t-tests for the equality of service quality items means, with behavioral loyalty as grouping binary variable**

Service quality items	Equal var.*	t-test			Mean diff.
		<i>t</i>	<i>df</i>	<i>p</i>	
Quickly reacting to address any problem	No	-6.454	235.135	.000	-.988
Approaching each customer individually	No	-6.493	249.626	.000	-.975
Showing genuine interest in customers	No	-5.776	255.886	.000	-.885
Providing only high quality services	No	-5.764	262.683	.000	-.857
Understanding of specific needs & wants	No	-6.000	233.576	.000	-.846
Always available for helping/serving	No	-5.538	243.726	.000	-.837
Respecting promised timeframes	No	-5.404	235.351	.000	-.835
Inspiring trust and confidence	No	-6.203	236.877	.000	-.824
Communicating exact time frames	No	-5.767	246.701	.000	-.793
Delivering prompt service	No	-5.945	250.233	.000	-.786
High degree of professionalism	No	-5.729	262.087	.000	-.750
Providing services as promised, no fixes	No	-5.318	241.622	.000	-.743
Permanently courteous and polite	No	-5.640	234.280	.000	-.722
Modern equipment and facilities	Yes	-4.766	284	.000	-.716
Outward appearance - esthetics	Yes	-4.761	284	.000	-.700
Inward appearance - esthetics	No	-4.990	277.568	.000	-.680
Working hours convenient	No	-4.332	277.253	.000	-.657
Documents/ materials appearance	No	-4.148	283.190	.000	-.610
Outward appearance - clean, neat	Yes	-4.125	284	.000	-.598
Inward appearance - clean, neat	No	-4.578	273.676	.000	-.580
Agency staff appearance	No	-3.721	280.777	.000	-.495

Source: Data obtained based on Levene's test for equality of variances\*

Further on, in order to test our second hypothesis, given the similar nature of the variables involved (as compared to our first hypothesis), a t-test was conducted for each of the two dimensions of service quality (as depicted by the PCA), so as to investigate whether the mean levels of quality regarding tangibles and, respectively, intangibles, were significantly higher in the cases with positive recommendations, as compared to those in which no positive recommendation had been made. Results in Table 3 confirm  $H_2$  for both service quality components (tangibles/intangibles). Overall, we can state that the probability for a customer to make positive recommendations regarding a traditional/offline travel agency is significantly higher when service quality related to either tangibles or intangibles increases. Nevertheless, the same results point out the fact that intangibles tend to have a significantly larger overall impact, as compared to tangibles, confirming the findings related to the first hypothesis.

**Table no. 3: Results of the t-tests for the equality of service quality components means, with behavioral loyalty as grouping binary variable**

Service quality components	Equal var.*	t-test			Mean diff.
		t	df	p	
Intangibles	No	-6.870	239.783	.000	-.821
Tangibles	No	-5.390	269.922	.000	-.626

*Source: Data obtained based on Levene's test for equality of variances\**

Finally, in order to test our proposed model regarding the combined impact of the two dimensions reflecting service quality (tangibles and intangibles), as predictors, on customer behavioral loyalty, as binary dependent variable reflecting whether a positive recommendation has or has not actually been made, a binary logistic regression analysis was conducted (Table 4), using the “Enter” method, with both independent variables entered in one single step, as none of the two variables could have been dropped out of the model. The resulted classification tables corresponding to the two steps of the method indicated a predictive capacity of 66.4% for our model, as compared to only 52.1% when the two components of service quality were not taken into consideration. Moreover, a Cox & Snell R<sup>2</sup> value of 0.161, and a Nagelkerke R<sup>2</sup> value of 0.214 were obtained, fact that shows that service quality as depicted in our model can explain 21.4% of the variation in actual positive recommendation.

**Table no. 4: Binary logistic regression for estimating actual positive recommendations with service quality components (tangibles & intangibles) as predictors**

	<i>B</i>	<i>S.E.</i>	<i>Wald</i>	<i>df</i>	<i>p</i>	<i>Exp(B)</i>
Intangibles	.853	.199	18.362	1	.000	2.346
Tangibles	.231	.176	1.714	1	.190	1.260
Constant	-6.602	1.142	33.436	1	.000	.001

*Source: own computations*

The “B” coefficients in the model indicate the following regression equation for estimating behavioral loyalty:

$$\text{Logit}(Y) = -6.602 + 0.853 \cdot X_1 + 0.231 \cdot X_2$$

, where:  $Y$  = actual positive recommendation  
 $X_1$  = intangibles items’ mean score  
 $X_2$  = tangibles items’ mean score

The positive coefficients for both tangibles and intangibles in the regression equation suggest that an increase of the value of either of the two components would generate a higher probability for customers to make positive recommendations. Nevertheless, only intangibles significantly contribute to the model, being a statistically significant predictor ( $p < 0.001$ ). Moreover, considering the “Exp(B)” values, it can be stated that an increase of one unit in the intangibles’ value would increase 2.35 times the likelihood for customers to make a positive recommendations, while a similar increase in tangibles’ value (if it were considered statistically significant as a predictor) would only augment positive recommendation probability 1.26 times.

## **Conclusions**

The general conclusion that can be drawn from our study is that the quality level of services provided by traditional/offline travel agencies plays an important role in generating and maintaining their customers' behavioral loyalty, which, in the long run, is essential to the sustainability of the business, especially in a sector which is very sensitive to macro-economic dynamics. Any travel agency manager who tends to diminish the importance of the actual agency customer experience, while thinking that loyalty towards the agency is derived mostly from the tourism/travel destination experience, is definitely wrong.

The results also suggest that the probability for a customer to make positive recommendations regarding a traditional/offline travel agency is significantly higher when the actual service quality provided by the agency increases on any particular aspect of quality, being it related to tangibles, responsiveness, reliability, assurance or empathy. Moreover, there are several service quality items which can be emphasized as having a significantly larger individual impact (as compared to other items) on customers making positive recommendations, such as those regarding agency staff quickly reacting to address any problem (related to responsiveness) and approaching each customer individually, in a personalized manner (related to empathy). Nevertheless, even though the probability for a customer to make positive recommendations regarding a traditional/offline travel agency is significantly higher when service quality related to either tangibles or intangibles increases, intangibles tend to have a significantly larger overall impact, as compared to tangibles. Moreover, our proposed binary logistic regression model showed that even though, theoretically, an increase in either of the two components' value (intangibles and tangibles) would generate a higher probability for customers to make positive recommendations (the two components altogether being able to explain more than 21% of the variation in behavioral loyalty), only the intangibles part of service quality is statistically significant as a predictor.

The research also reveals several practical implications for a better marketing of traditional/offline travel agencies, especially for those addressing Romanian consumers, but also, with certain limitations given by particularities in consumer behavior at local/national level, for any traditional travel agency, no matter the nationality of the consumers they are targeted at. Thus, our findings indicate that any travel agency of such kind which increases its service quality level will benefit, in the long run, from more positive word of mouth. Customers who perceive service quality at a higher level will express greater tendency to make recommendations to others, contributing to future revenues for the business. Moreover, when trying to generate and sustain customers' loyalty for the long run, as a fundamental premise for the sustainable development of any travel and tourism business, traditional/offline travel agencies should be particularly focused on intangibles (especially on specific service quality items such as regarding agency staff quickly reacting to address any problem, and approaching each customer individually, in a personalized manner), rather than invest most of their efforts on tangibles such as visuals, looks, or physical endowments.

Regarding research limitations several aspects can be outlined. The investigated sample only comprised Romanian customers, while the sampling method was empirical and non-probabilistic (without a quantifiable representativeness error). Thus, the sample representativeness is limited, while the nature of the research rather exploratory. As a future research direction, the study could be revisited comprising a more diversified sample

(for example: customers from different national markets), and using a more representative sampling procedure.

Moreover, even though theoretically the practical implications of such a research could be extrapolated to other countries or regions with similar market conditions as in Romania, the fact that, in the long run, online purchases of travel services and package tours are expected to become habitual, the practical implications of the current research are to be considered limited from a time perspective, being only relevant as long as online travel agencies are underdeveloped in comparison to traditional/offline ones. As a future research direction, the study could be extended by developing a service quality assessment instrument adapted to online travel agencies and implementing it among a representative sample of online travel agencies customers. Nevertheless, the research implications could remain valid for the long run for those market segments comprising consumers who prefer face to face interaction with their travel services suppliers, or are not able or willing to adopt new technologies related to online shopping.

Last, but not least, an important future research direction could consist in extending the analysis of behavioral loyalty to actual repurchases, in which case a panel-data based research methodology should be developed and implemented accordingly, in order to depict post-purchase behaviors in the long run.

### **Acknowledgements**

This work was supported from the European Social Fund through Sectorial Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/142115, project title "Performance and Excellence in Postdoctoral Research in Romanian Economics Science Domain".

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