Retail Travel Agent Service Recovery Toward Customer Satisfaction

Nur Adlinna Mohamed[1], Nur Syafikah Wan Jusoh[2], Mazlina Mahdzar[3]

[123]Faculty of Hotel & Tourism Management, Universiti Teknologi Mara (UiTM), Puncak Alam, Selangor
nina@salam.uitm.edu.my*

ABSTRACT

Retail travel agents have focused on providing high quality of service in ensuring they are not far behind in the competition against rival. However the low quality of services is the expected cause of travel agency service failure. Therefore, service recovery has become an important tool to acquire customers' satisfaction towards the travel agency services. This study aimed to examine how customers perceived the service recovery behaviours they have received previously after they have encountered with service failure. Hence, the objectives of this study was designed and measured with fairness theory. This study focused on the relationship between perceived fairness and customer satisfaction in service recovery from a travel agency. Research instrument was developed and data was collected from customers who previously used travel agency in Malaysia for their vacation. The findings showed that distributive fairness and interactional fairness are positively connected with customer satisfaction.

Keywords: service recovery, travel agency and customer satisfaction

1.0 INTRODUCTION

According to (Bhuiyan, 2013), tourism is the foremost and the sole biggest industry in today's world. This sector has been acknowledged as the most important world service industries (Schumacher, 2007). In fact, globalization, liberalization and internationalization of services are the challenges that are faced by travel agencies in Malaysia. The rapid development in the tourism market will create tendency for competition between travel agencies in Malaysia. Malaysia's travel agencies focus more on providing high quality service because it is believed that good service quality will create customer loyalty and the increased of market share and productivity towards their company. Hence, service quality is a key element to differentiate service products and build a competitive advantage in the tourism industry. According to Li (2011), the unique nature of service such as the inseparability of production and expenditure, and 100%

error free service are impracticable to guarantee. In addition, travel agency is a service provider with constant operation and highly variable demands and the quality of service is greatly determined by environmental variables, so the error from services is unavoidable during the process of delivering the services. The travel agent could not avoid errors when servicing customers but the staff response to a customer's disappointment may still bring back a level of satisfaction and lead to future business. The response of the service errors from the staff of the travel agency are more important compared to the errors itself. According to Ignacio (2004), a few researchers have identified and explain on how customers need to react when the failure of the services happen. It is an important process from the organizational perspective because the organizations will get the information on the cause of the failure so that they will recover their services based on customers respond. In addition, customer will express their satisfaction or dissatisfaction about the purchase experience based on word of mouth (Brown, Barry, Dacin & Gunst, 2005). Instead of doing the responding process, customers prefer to spread negative word of mouth when they attempt an unfair respond to a service failure (Blodgett et al., 1993; Seiders and Berry, 1998). Due to this, many organizations missed the opportunity to recover their failure of services because they do not know the cause of failure. In resolving the problems, there is a need to modify negative attitudes of dissatisfaction from customers and to eventually retain these customers through the services recovery process that are taken. Eventually, the fairness theory comes into view to be the main theoretical framework that can be applied into service recovery. The customers evaluate the fairness of service recovery with three elements which is distributive, procedural and interactional fairness. This paper used fairness theory to examine how customers' perceptions about service recovery influence customers' satisfaction. The central questions are whether the related elements of distributive, procedural and interactional fairness are strongly associated with customer's satisfaction? And what are the critical elements among customer's perception of distributive, procedural and interactive fairness to influence customers'satisfaction significantly? To answer the questions, several critical factors of customer perception of fairness and service recovery practices were proposed based on literature review. Research instrument were developed and statistical evidence was collected from a few travel agencies in the Klang Valley.

2.0 LITERATURE REVIEW

2.1 Service Failure and Service Recovery

Service failure can be described as when a customer experiences the negative emotions such as anger and frustration during attempting the services. They experience the bad services from the organization and tend to be dissatisfied with the services. From the emotions that they experience, it can be bad for the organizations because they may be turn off and may no longer choose the organizations for business in the future. It may be worst when they have negative words-of-mouth to other customers that can influence the other customers to also shun the organizations. According to Li (2011), the failure of service can be defined as any services that have problems and mishaps that become obvious during a customer's experience with the organizations. Previous studies indicate that the main reason for customer's turnover is the core element of the service failure (Richman, 1996). Indeed, Berry and Parasuraman (1992) claim that if the organization fails to meet the customer satisfaction and follow by a service failure, it can lead to customers losing confidence and negative word-of-mouth. Moreover, the failure to do the recovery from the fail services can result in customers declaring that the organization has failed twice and will lead to negative view from the customer in future. Customers are rarely unhappy about the service mishaps but they will be unhappy when the organization declined to take responsibility for the mishaps and fail to take immediate action to recover the service failure. Moreover, Tax & Brown (1998) have founded that often customers express disappointment with the way organizations resolve their complaints.

In this context, service recovery is a process taken by organizations in an effort to return upset customers to a satisfaction level after the services or product failed to meet their requirements (Zemke and Bell, 1990). In order to enhance perceptions of the firm's ability and good image, the organization should have an efficient service recovery that must include the quality and value (Zemke, 1995). While the main intention of service recovery is applied to return the unhappy customer to a state of contentment, the organization is able to actualize the true benefit of recovery only if it utilizes the information to avoid future failure. The organization that has the ability to respond right away to any service failures or any complaints from customers can have positive signals about the organization for both employees and customers (Heskeet, 1990). The most effective recovery is when the organization response focused on the customers' individual needs and the employees' developed interpersonal skills that make them able to react flexibly to any situation that they come across (Jay and Ria, 2001).

2.2 Fairness Theory

Folger and Cropanzano (1998) state that fairness theory suggests that negative perceptions of fairness may arise from factors connected with procedural, interactional and distributive justice due to the influence of responsibility. When the negative perception was encounter at an angry parties such as a customers, they will seek to determine responsibility for the offense. They will point at someone who is to be blamed and the motives and intentions of the apparent offender. Therefore, the basic to fairness theory argued that for any unfairness that occurred, someone has to take responsibility (Folger and Cropanzano, 2001). The common used theory framework within service recovery literature is fairness theory which explores the role played by distributive, procedural and interactional justice in recovery situations (Li, 2011).

2.3 Distribution Fairness

According to Gerald (1980), a distributive fairness is defined as the individual's faith that it is fair and suitable when rewards, punishments or resources are allocate in agreement with certain criteria. The exact norms are requiring the identical of rewards to contributions or dividing rewards equally. Other than that, Li (2011) defined that distributive fairness examines where the system resources or rewards will be allocated among parties to a transaction. Moreover, the rewards or resources correspond to the ending of a consumer complaint, similar to the dollar amount of civil lawsuit. The positive outcome will be experienced by the customer who receives a repayment, recompense for lost time or even a gratis gift. The organization that refuses to pay off the consumer may create a result that will be apparent as a poor result.

2.4 Procedural Fairness

The procedural fairness concerns the process used to decide the allocation of outputs. To resolve the conflicts, the procedural fairness signifies that the criterion process can be useful. There are three (3) developing stages for procedural fairness. First, is the information that are collected are completed including the opportunity for the participant to insert the information or influence the sequence of presentation. Second, is the information that is used by the decision maker. Third, the degree of participants that believe they can influence the result. Gerald (1980) claims that the concept of procedural fairness refers to the perception from the individual of the fairness that is related to procedural mechanism in social system that control the allocate process. In fact, the concept are more focus on the map of individual's cognitive of the events that lead to the allocation of reward, and the event development. It can be said that the best way to bring in the concept of procedural fairness is to relate to an incident that takes place.

2.5 Interactional Fairness

Interactional justice is the model that applys to how employees relate to each other at work. It relate to how co-workers and colleagues communicate with each other and also determine how the managers care for their workers (Study.com, 2017). In fact, in ensuring a high level of respect was given to the employees and to make sure the organization is regarded as fair and with a safe workplace, the standard of conduct show is established. In addition, interactional fairness is concerned on how the policy of the organization should be carried out. The example for the interactional fairness can be requests for forgiveness to the customer for the failure of services. The forgiveness will represent a mean of restoring psychological fairness and can likely make up for awareness of rudeness or unsuitable behaviors (Li, 2011). In fact, if the organization cannot offer any physical compensation they are encouraged to apologize to the customer that attempts the service failure.

2.6 Customer Satisfaction

According to Bear (2014), customer satisfaction is a marketing phase that evaluates how products or services supplied by a company will meet and exceed the expectation from customers. The importance of customer satisfaction is when it gives the marketers and owners of the organization with the metrics that they can be used to run and develop their businesses. (Woodside, Frey, & Daly, 1989). The contentment from a customer on any event can be regarded as the purpose of service in only the event, while in general customer satisfaction, the purpose is on the whole service quality. In addition, the satisfaction that comes upon a customer is decided by the quality of services while satisfaction plays (Bolton & Drew, 1991). This means that a customer satisfaction is the result of the computable difference between expectation and perception. According to a study done by Patterson & Spreng (1990), customer's satisfaction connect to customer's loyalty, retentions and re-purchase intention from the organization. Repurchase from customer is an important determinant in measuring their future business with the organization and is an indication whether they will remain faithful to the organization or change to other competitors (Zeithaml et al, 1996). A customer decision in maintaining their relationship between the organizations is based on the ability of an organization to demonstrate greater service with a good performance. (Berry, 1995).

3.0 METHODOLOGY

3.1 Research Approach

This study was designed and measured by the quantitative methods. This quantitative method employs a numerical indicator to prove the relative size of a particular relationship and communication. Quantitative

study provides advantages because it helps to minimize or eliminate the subjectivity of judgement and allowing for longitudinal measure of subsequent performance of the subject of the research.

3.2 Sample and Study Site

The sampling method of this study was utilized using the convenience sampling and 80 participants are represented in this exploratory study. According to Roscoe (1975), he suggested that a sample of more than 30 and less than 500 is sufficient for most research. Therefore, the survey questionnaire was distributed and the survey was answered and the data was represented by 50 customers who have previously received and experienced travel agency services in Malaysia.

3.3 Instrumentation

In this quantitative study, the self-administered online questionnaire was constructed for data collection. The questionnaire of this study was adapted and adjusted from questions of study done by Smith, Bolton, & Wagner (1999). The survey questionnaire was constructed in (6) section. The first section consists of demographic profile questions followed by another (5) sections. The (5) section of the questions was asked utilizing 5-Point of Likert scale. The 5 point Likert Scale was utilized to measure their perception and satisfaction toward how the travel agency react to any conflicts or problems they encountered before. The data of this study was collected using the Google (form) and was distributed to the customers who have experienced and patronized the service from travel agency in Malaysia.

3.4 Data Analysis

In this quantitative study, the information gathered and collected through the online questionnaire was analyzed using the SPSS (Statistical Packages for Social Science). The 3 hypothesis developed in this study were then analyzed using the Pearson correlation (bivariate correlation) where the correlation analysis was done to examine the significant relationship between the three perceived fairness towards the customer satisfaction.

3.5 Research Hypothesis

There are 3 hypothesis developed and tested to prove the significant relationship between variable

H1: The perceived distributive fairness will positively influence customer satisfaction.

H2: The perceived procedural fairness will positively influence customer satisfaction.

H3: The perceived interactional fairness will positively influence customer satisfaction.

4.0 FINDINGS

4.1 Demographic Profile Table 1: Demographic Characteristic of Sample

Characteristic		Frequency	Percentage
Age	17-25 years old	28	56%
	26-35 years old	15	30%
	36-45 years old	6	12%
	46-55 years old	1	2%
	55 and above	0	0%
Gender	Female	35	70%
	Male	15	30%
Nationality	Malaysian	50	100%
	Others	0	0%
Marital Status	Single	32	64%
	Married	18	36%
	Widowed	0	0%
	Divorced	0	0%

Based on table 1, the gender of the sample that most represented this data were 70% female followed by 30% of male and 56% of respondents are age between 17-25 years old while 30% are aged 26-35 years old, 12% ware aged 35-46 years old and the other 2% are aged 46-55 years old. Furthermore, the sample of this study were represented by majority of 64% single and followed by 36% married Malaysian travel agency consumers.

4.2 Pearson Correlation

H1: The perceived distribution fairness will positively influence customer satisfaction

Figure 1
Correlations

		The outcome I receive was fair	I did not get what I deserved	In resolving the problem, the travel agency fulfill what I needed	The outcome that I received was not right
The outcome I receive was fair	Pearson Correlation	1	-.463[**]	.493[**]	-.381[**]
	Sig. (2-tailed)		.001	.000	.006
	N	50	50	50	50
I did not get what I deserved	Pearson Correlation	-.463[**]	1	-.377[**]	.678[**]
	Sig. (2-tailed)	.001		.007	.000
	N	50	50	50	50

		.493**	-.377**	1	-.390**
In resolving the problem, the travel agency fulfill what I needed	Pearson Correlation	.493**	-.377**	1	-.390**
	Sig. (2-tailed)	.000	.007		.005
	N	50	50	50	50
The outcome that I received was not right	Pearson Correlation	-.381**	.678**	-.390**	1
	Sig. (2-tailed)	.006	.000	.005	
	N	50	50	50	50

**. Correlation is significant at the 0.01 level (2-tailed).

The correlation analysis in figure 1 above showed the perceived fairness relationship with the customer satisfaction. This data proved that, the sig.2 tailed of the customers perceived they didn't get what they deserved; the outcome they received was not right is .000 and it is less than 0.01 and eventually proved that it positively influence customer satisfaction. This showed that the fairness of the outcome they perceived during the service recovery will positively affected or increase the tendency of the satisfaction.

H2:The perceived procedural fairness will positively influence customer satisfaction.

Figure 2

Correlations

		The length of time taken to resolve my problem was longer than necessary	The travel agency showed adequate flexibility in dealing with my problem
The length of time taken to resolve my problem was longer than necessary	Pearson Correlation	1	-.530**
	Sig. (2-tailed)		.000
	N	50	50
The travel agency showed adequate flexibility in dealing with my problem	Pearson Correlation	-.530**	1
	Sig. (2-tailed)	.000	
	N	50	50

**. Correlation is significant at the 0.01 level (2-tailed).

Figure 2 above shows a result of the analysis of the perceived procedural fairness (time taken, flexibility) influence on the customer satisfaction. This analysis showed that the procedural justice negatively affect customers satisfaction with the recovery service where it can also be concluded that the customer satisfaction have the tendency to decrease if they did not receive the fairness of the procedure involve to solve the failure.

H3: The perceived interactional fairness will positively influence customer satisfaction.

Figure 3
Correlations

		The employees were appropriately concerned about my problem	The employees did not put a proper effort into resolving my problem	The employees communication with me were appropriate	The employee did not give me the courtesy I was due
The employees were appropriately concerned about my problem	Pearson Correlation	1	-.578**	.697**	-.199
	Sig. (2-tailed)		.000	.000	.167
	N	50	50	50	50
The employees did not put a proper effort into resolving my problem	Pearson Correlation	-.578**	1	-.480**	.461**
	Sig. (2-tailed)	.000		.000	.001
	N	50	50	50	50
The employees communication with me were appropriate	Pearson Correlation	.697**	-.480**	1	-.242
	Sig. (2-tailed)	.000	.000		.091
	N	50	50	50	50
The employee did not give me the courtesy I was due	Pearson Correlation	-.199	.461**	-.242	1
	Sig. (2-tailed)	.167	.001	.091	
	N	50	50	50	50

**. Correlation is significant at the 0.01 level (2-tailed).

The results above in figure 3 showed the sig 2 tailed value of the interactional justice influence towards satisfaction. Hence, the result proved that the relationship between the employees concerned about the problem, proper efforts, and courtesy they received positively influence the customer satisfaction. It proved that the customers are satisfied if they received interactional fairness like concerns, proper efforts and courtesy.

5.0 CONCLUSION & RECOMMENDATION

The service failure will lead to a different kind of reaction among the consumers. Service recovery management should be well executed to avoid any bad perception about the services of the travel agency. Therefore, identifying the perception and satisfaction of consumers are vital for a service provider especially the travel agency in retaining the traditional consumer market since the emerging market of the technology are leading the way. In this study, the 3 hypothesis were developed and tested using the data collected from an online questionnaire consists of 6 sections of questions.

The result of this study showed that the distributive justice and interactional justice have significant influence on the customer relationship while the procedural fairness has negative effect on the customer's satisfaction. This study results indicated that most of the travel agency consumers are more concern on the fairness of the treat, and the fairness of interaction during the conflicts they get during the conflicts and service recovery, while they are maybe less concern about the time or procedural taken to solve the conflict of service failure.

As a recommendation, the travel agency employees should play their roles in ensuring the process of service recovery is well executed. This way of solvency will assists the travel company to retain the customers on the use of the traditional agency services. For instance, while handling complaint from the customers, the employees should practice the distributive justice by giving a fair and proper response to the problems happened. In simpler words, fulfill what they need precisely and correctly. Besides that, playing a role as a service provider requires the travel agency to be more empathy and able to admit mistakes made. According to Kashtan (2012), playing a role of empathy requires us to be in the other person's shoes and imagine ourselves as the customers. Eventually we will find their heart, their hopes need and wants. For example, if there is a problem regarding room booking or flight booking, the employees can apologize, and compensate or refund their money. This role of the employees will help to retain the customers trust on the travel agency services. Portraying a good recovery management is essential because the customers are more disappointed if they encountered with the same unchanged mistakes compared to encountering first time mistakes.

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