



**UNIVERSITY TEKNOLOGI MARA**

**FACTORS THAT AFFECTING CONSUMERS' CHOICE OF  
TRAVEL AGENCIES IN KOTA KINABALU, CITY**

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## TABLE OF CONTENT

### CHAPTER ONE: INTRODUCTION

1.1 Background of The Study	1
1.2 Problem Statement	2
1.3 Research Objective	3
1.4 Research Question	3
1.5 Significance of The Study	4
1.6 Scope and Limitation	4
1.6.1 Scope of study	4
1.6.2 Limitation of Study	4
1.7 Terms and Definition of the Study	5
1.7.1 Travel Agency	5
1.7.2 Staff Attitude	5
1.7.3 Agency Reputation	5
1.7.4 Price	5
1.7.5 Individual Attention	5
1.7.6 Speed and Quality	5

### CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction	6
2.1 Consumers' Choice of Travel Agent	6
2.1.1 Staff Attitude	7
2.1.2 Agency Reputation	7
2.1.3 Price	7-8
2.1.4 Individual Attention	8
2.1.5 Speed and Quality	8

## CHAPTER 1

### INTRODUCTION

#### 1.1 BACKGROUND OF THE STUDY

Tourism industry is one of the fastest growing industries in the world. In Malaysia, government really put an effort to make sure this industry will keep growing and able to contribute to the country itself. When we are talking about tourism industry it is very significant to the travel agent. This is because travel agent is playing an important role in order to attract many visitors to this country. A good travel agent will able to give an excellent service so the tourist will be able to enjoy their vacation. The tourism sector is a coming together of various suppliers of services to offer people a complete tourist experience. Travel agents and tour operators a vital role in the promotion of tourism. (Navi, 2005)

In Sabah itself, number of tourists that come to this state is rapidly increasing year by year which it show that Sabah has become one of the dream destination among the traveller either from local or international tourists. In this case, travel agent is really needed when the traveller come to the new place like Sabah. The roles of travel agent is to prepare a tour-packages, tour guide, accommodation and other necessity stuff that needed by the traveller. It is very important for the travel agency to provide enough information for the traveller to help them to enjoying their vacation without having any problem.

According to (Tourism, 2017) more than 3 500 000 tourists has come to Sabah in 2017, where is clearly shows that travel agent really can make profit from this business. Economic theory presumes that consumers have special preferences consistent with their choice among alternatives. Economists also assume that consumers are interested in value maximization by making choices best suited to their goals, budget constraints and earning power (Wong & Kwong, 2004)

This is why the researcher comes out with this study so it will help the travel agent to improve their service by looking at the criteria that evaluated by the consumers in order to choose travel agent during their vacation. The factors that involved in this research study is staff attitude, agency reputation, price, individual attention and last but not least is speed and quality.

## 1.2 PROBLEM STATEMENT

Nowadays, we can see that tourism industry in Malaysia is rapidly growth and the tourist come from a local people and also from abroad. When discussing about tourism industry it is relatable to the travel agency that build to help the tourist to go to the interesting places. At one particular place it must have several travel agencies that operating and they need to compete each other in order to gain profit and improve the service of the company itself. This is why the researcher comes out with topic, to know more clearly what is the factors that will influence the tourists in making a choice of the travel agency.

At Sabah itself, they have much kind of travel agencies that provided almost similar services for the tourists. A New Straits Times (Geraldine, 2018) reported, last year's tourist arrivals exceeded the 2016 influx, from 3,427,9,08 arrivals to 3,684,734. Tourism receipts have also increased from RM7.249 billion in 2016 to RM7.82 billion in 2017. It is shows clearly that tourist industry in Sabah is growing rapidly. Behind all the rapid performance each of the tourist have their own criteria that will help them in order to choose the best travel agent to make sure they money are spend well and the get the best experience,

Based on previous study, (Chu & Heung, 2000), stated that the factors of staff attitude, agency reputation and price is one of the elements that will be considered by tourist in order to choose any travel agency. Another study, (Katircioglu, Unlucan, & Dalci, 2018) stated that Individual attention and speed and quality also can be one of the factors that will be determine the travel agent that chosen by the tourist itself. As we know, it is important to know what factors that lead to this matter so the travel agencies can provide what their customers wants instead of providing what the companies have.

In conclusion, this research is to determine the factors that affect customers' choice of travel agencies who come to Kota Kinabalu, Sabah for their vacation. Researcher also want to find out what is the most influencing factor that lead to the chosen of the tourist towards travel agencies at this city.

### **1.3 RESEARCH OBJECTIVE**

RO1: To study the factors that affect customers' choice of travel agencies in Kota Kinabalu City.

RO2: To study the relationship between staff attitude, agency reputation, price, individual attention and speed and quality with the customers' choice of travel agencies in Kota Kinabalu City.

RO3: To identify the most influence factors that affect customers' choice of travel agencies in Kota Kinabalu City.

### **1.4 RESEARCH QUESTION**

RQ1: What is the factors that affect customers' choice of travel agencies in Kota Kinabalu City?

RQ2: What is the relationship between staff attitude, agency reputation, price, individual attention and speed and quality with the customers' choice of travel agencies in Kota Kinabalu City?

RQ3: What is the most influence factors that affect customers' choice of travel agencies in Kota Kinabalu City?