Developing Travel Agency Preference through Customer Perceived Value: A Theoretical Review

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Abstract

Given the increasing functional pressure and strain emerging from changing demographics and competition in the tourism industry, customers' preferences tend to become dynamic. Hence, this paper aims to review the existing literature on customer perceived value and suggest it as a determinant of travel agency preference. The paper utilized service quality and price as dimensions of customer perceived value and brand image and customer loyalty as the measures of travel agency preference. Drawing from this review of literature, it was found that customer perceived value is indeed a strong determinant of travel agency preference. It is therefore recommended that practitioners advance customer value as a more deliberate and conscious approach towards the management and monitoring of customer's preferences.

Keywords: Customer perceived value, Travel agency, Preference, Service quality, Price, Customer loyalty, Tourism industry

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Background to the Study
The Tourism Industry, is a service-oriented industry with too many juicy potentials and one cannot underestimate or undermine the crucial role played by travel agencies towards the development of tourism of any country. In the tourism industry, travel agencies are linked to initiative destinations and their basic function is to provide for retail travel services to consumers (Weaver and Lawton, 2006). As intermediaries in the global tourism market, the travel agencies sell tourism product including transport, accommodation, fun operations, rent-a-car services etc. (Enz, 2010; Timothy and Teye, 2009). Travel agencies are the main mediators between consumers and a vast range of travel services and they are especially present today in the internet travel market (Conrady and Buck, 2010). Also, it is necessary to take into account that travel agencies cannot reach competitive advantage in the market without cooperation and subordination with the local brands (Edgell et al, 2008).

In as much that travel agencies play important roles in the development of tourism, there are challenges that restrict their operations and as such limit their performance in terms of service delivery. One of such challenges is the multiplicity of available preference to potential customers. This challenge has led to a major brand war due to the competitive nature of the sector they operate in. The manifestation of this challenge is that there is high level of customer confusion on which travel agency will deliver value. This is why Zeithaml (1988), defined “perceived value” as the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given. Gallarza Gil-Saura, and Holbrook (2011), opined that “value plays a role in epistemology marketing as a discipline; value is associated with many constructs in the marketing discipline; value construct can explain consumer behavior before and after purchase, even values are also the basis to be able to understand the marketing management”. The same opinion was suggested by Wilson (2003) when commenting on articles by Ballantyne, Christopher and Payne (2003). Many researchers (Abdel, 2008; Guenzi and Troilo, 2007; O’Cass and Ngo, 2012; Tseng, Teng, and Chiang, 2007; Vera and Trujillo, 2013) agreed that companies compete in offering superior customer value such that Consumers will choose the value proposition offered by the company and competitors.

A study by Marin-Pantelescu, Tachiciu and Capusneanu (2019), on Role of Tour Operators and Travel Agencies in Promoting Sustainable Tourism in Romania revealed that travel agencies are important intermediaries in the development of the country's tourism sector. Aleksa (2009), did a study on Influence of Travel Agencies on Selective Tourism Development in Montenegro. This revealed that a significant number of travel agencies in Montenegro are specialized and that it influences development of tourism in a destination, hence tourists' expectations are advised and delivered by travel agencies as travel intermediaries and advisers. Hence the study showed a positive relationship between travel agencies role in tourism development and destination patronage. Also, a study by Hai, Thanh and Gi-Du Kang (2019), on the effect of perceived value on organizational engagement with the moderating role of brand image: a study case in Vietnamese restaurants revealed that there is a significant relationship between customer perceived value of travel agencies and organizational Preference.
While most studies of customer preference were conducted in industrially developed nations, only a few are based in Nigeria, where their organizational scope was not in the travel sector of the Tourism Industry. Thus, any attempt to generalize the findings of these studies would be meaningless as there are great differences in geographic, organizational, unit/level of analysis that would influence customer perceived value in different milieus. This study therefore intends to add to the plethora of literature by examining customer perceived value as a determinant of travel agency preference in the Nigerian Tourism Industry, using service quality and price as dimensions and brand image and customer loyalty as measures of the variables.

Literature Review
Concept of Customer Perceived Value
Numerous scholars have defined perceived value in the marketing literature, (Holbrook 1996; Woodruff, 1997), who defined perceived value as the consumer’s overall assessment of the utility of a product based on perceptions of what is received and what is given. Zeithaml (1988) opined that Perceived value is a critical part of business strategic management because it adds significant value to consumer decision’s process behavior. Based on the research, perceived value is conceptualized as the trade-off between benefits and sacrifices related to consumer’s perception of a firm’s offering (Woodruff, 1997). Consumer perceived value depends on the customer’s experience and knowledge and it is a critical factor which helps to draw potential customers and keep existing customers.

Perceived value is accepted as one of the most important factors in the success of any business and it is considered as an essential tool of competitive advantage (Sweeney and Soutar, 2007). It also has been perceived as the basic premise in a business activity movement (Holbrook, 1994, 1995), and perceived value is a key strategic management in approaching and retaining customers (Lee and Overby, 2004; Wang, Lo, Chi, and Yang, 2004). Additionally, consumer perception of value has been established that customer loyalty and profits are strongly related to the value that is created for the consumers. By recognizing the importance of value perception, researchers are interested in studying the elements of such concepts and their relationships with others concepts such as satisfaction, trust, and loyalty.

Review of the literature shows that there are two major research approaches to the operationalization of value (Sánchez-Fernandez and Iniesta-Bonillo, 2007). First, perceived value has been examined using a unidimensional construct, measured by a set of items underlying a single overall concept (Sweeney, Soutar, and Johnson, 1999) with concentration on utilitarian perspective, benefit and costs. Price is the value-base in previous studies, with consumers evaluating the value of products using two key components, including perceived quality and perceived sacrifice (Ruiz, Castro and Armario, 2007). Because the concept of perceived value is wider than judgments against utility and price, this approach is not sufficient to gain competitive advantage (Rintamäki, Kanto, Kuusela and Spence, 2006). Thus, the unidimensional approach simplifies consumers’ perception of value; in particular, this concept has failed to take into account of the numerous intangibles, intrinsic, and emotional factors that form part of the construct (Sánchez-Fernández and Iniesta-Bonillo, 2007).
Second, since the unidimensional approach possesses the merit of simplicity, it does not reflect the complexity of consumers’ perceptions of value (Sánchez-Fernández and Iniesta-Bonillo, 2007; Holbrook, 1986). (Sweeney, Soutar, and Johnson, 1999) and narrow (Mathwick, Malhotra, and Rigdon, 2001). As a result, some researchers argued that perceived value is a multidimensional construct, which consists of several interrelated attributes or dimensions that form a holistic representation of a complex phenomenon, such as economic, social, hedonic, and altruistic, that shape the concept of perceived value and establish the consumer's behavior (Holbrook, 1986; Eggert and Ulaga, 2002).

Dimensions of customer Perceived Value

Service Quality
Service quality is determined by the differences between customers' expectations of service provider's performance and their evaluation of the services they received. In this way, the association between service quality and customer satisfaction has emerged as a topic of significant and strategic concern for companies as a way of improving performance (e.g. Bolton and Drew, 1991; Cronin and Taylor, 1992). Bolton and Drew (1991), Oliver (1980) defined' service quality as the difference between the actual service and the service expectations. Similar to Bolton and Drew (1991); and Oliver (1980), Parasuraman et al. (1988) characterized perceived service quality as "the discrepancy between customers' perception of utility of a service after service encounter and expectations before encounter". The scholars further stated that customers take into cognizance how service is delivered to them and measure the service as against their perception and value earlier placed on the service. This implies that customers are mindful of the quality of service they are paying for.

Price
The price of the product has impact on consumer purchasing decision process and also the sales margin (Aghdaie and Yousefi, 2011, Osman, Talib, Sanusi, Shiang-Yen, and Alwi, 2012.) The price of the product is that which is expected to pay by purchasing of product. There are two types of price of product that prevail in the market. The brand image is the key element of the product when some products have high price in the market. Some products have low brand price which is useful technique by brand and consumer rely on the previous price value for the brand (Swani and Yoo, 2010). Different prices level of different products has impact on consumer behavior connection because the brand price makes the brand image in the eyes of consumer (Bosona and Gebresenbet, 2018). According to Diallo et al. (2013), price plays the most substantial role in choice criteria for customers, especially for those who obtain inaccurate knowledge about the brand.

Concept of Travel Agency Preference
Consumer brand preference is an essential step in understanding consumer brand choice; has therefore always received great attention from marketers. Horsky et al. (2006), demonstrate the importance of incorporating information about brand preference into the brand choice model. Brand preferences represent consumer dispositions to favor a particular brand (Overby and Lee, 2006). It refers to the behavioral tendencies reflecting the extent to which consumers favor one brand over another (Hellier et al., 2003). Brand preference is close to reality in terms
of reflecting consumer evaluation of brands. In the marketplace, consumers often face situations of selecting from several options (Dhar, 1999).

Consumer preferences for brands reflect three responses: cognitive, affective and conative or behavioral (Grimm, 2005). The cognitive components encompass the utilitarian beliefs of brand elements (Grimm, 2005). The affective responses refer to the degree of liking or favoring that reflects consumer feelings towards the brand (Grimm, 2005; Hsee et al., 2009). The conative or behavioral tendencies are denoted as the consumers' predicted or approached act towards the object. It is the revealed preference exhibited in consumers' choices (Hsee et al., 2009). Chernev et al., (2011) assumes that the association of behavioral outcome, such as willingness to pay and brand preference. These are assumed to be associated with the behavioral tendencies (Chernev et al., 2011).

Measures of Travel Agency Preference

Brand Image

Brand image is one of the most influential factors for the succession rate of the business (Nasar et al., 2012). Brand image is the overall impact in the customer minds that is developed through different sources. Public relation, social networking creates positive brand image of the product and its major chunk depend upon the community perception regarding the product/services. The personal perception of association's bundle a reputation is built of the organization through it enhances its portfolio by maximizing its profitability.

In this dynamic era, where competition and advancement of technologies are of prime importance, firms are consistently bringing new products and services. This competition creates convenience to the customer because they have different alternatives and their choices of selecting a product become wider (Ballantyne et al., 2006). Also, in 2006 Kotler and Keller defined customers sort out a group of attributes and create a mental framework through which relationship linked to the brand in the region of functional and symbolic dimensions. Franz- Rudolf Esch et al. (2006) examination of brand image opined that on customer perception of a Brand Image has direct effect on brand patronage and loyalty.

Customer Loyalty

Customer loyalty is defined as “a deeply held commitment to rebuy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior” (Oliver 1999). This definition captures not only the spirit of global customer loyalty but also emphasizes the attitudinal as well as the behavioral components of customer loyalty. The attitudinal component of customer loyalty is further developed by partitioning it into cognitive and affective dimensions. It is expected that cognitive and affective loyalties to have independent influences on customer loyalty. For instance, sports fans might be very affectively loyalty to their local team (affectively-driven loyalty), in light of not being very cognitively loyal (high ticket prices, uncomfortable seats, in climate weather). The partitioning of loyalty proposed is borrowed from commitment literature. Commitment is closely related to loyalty but differs in its level of reciprocity (Pritchard et al., 1999).
Customer Perceived Value and Travel Agency Preference

Service Quality and Brand Image: Iddrisu, Noonib, Fianko and Mensah (2015), did a study on assessing the impact of service quality on customer Patronage: A case study of the cellular industry of Ghana. The study investigated the relationship between service quality and customer loyalty in the cellular industry of Ghana. The SERVQUAL model was used to measure relationship between service quality and customer loyalty among cellular service providers with customer satisfaction mediating these variables. The survey questionnaire was used to collect 311 data from mobile users who are subscribers of 5 of the major cellular firms in Accra metropolis of Ghana. The data was analyzed using correlation and multiple regression analysis. The findings revealed that service quality variables such as tangibles, responsiveness, reliability, assurance and empathy have a positive influence on customer loyalty through customer satisfaction. The result further revealed customer satisfaction has a direct relationship with customer Patronage.

Vithya (2016), conducted a study on The Effect of Service Quality on Customer Patronage in Sri Lanka. The study attempted to find the relationship between service quality dimensions and customer loyalty in the Commercial Banks of Sri Lanka. The data collected from 300 customers of four leading commercial banks through questionnaires. Further, five hypotheses were formulated for the study. The findings revealed that service quality have significant positive effect on customer loyalty. Further service quality dimensions alone explain 43.9% of the variance in customer patronage. Yousef, Dariyoush and Farid (2016), Investigated the Influence of Service Quality on Restaurants' Customer Loyalty. The study investigated the customers' expectation and perceptions of service quality delivered by restaurants in Shiraz and its effect on customers' satisfaction and loyalty. By clustering sampling method, 450 customers of the restaurants located in all nine districts of Shiraz were selected and the data was collected from the respondents by means of a questionnaire. From the results it was found that customers' expectation yielded a significant effect on the customer's perceived quality and loyalty. Although, the effect of customers' expectation on the customers' satisfaction was not statistically supported. Moreover, it was discerned that the customers' perceived quality toward the service had a significant effect on the customers' satisfaction and customers' loyalty.

Neringa and Justina (2014), study on Relations between Service Quality and Customer Loyalty: An Empirical Investigation of Retail Chain Stores in Emerging Markets revealed that the three dimensions of service quality, namely, personal interaction, policy and product quality have a positive impact on customer loyalty across household retail markets in the three researched countries. The study investigated the relationship between service quality and customer loyalty across three emerging countries. The quantitative research data was collected through a survey of current customers of the specific retail sector, the household retail chain in Lithuania, Latvia and Estonia. Data obtained from 370 survey questionnaires was analyzed using SPSS; the Principal Component Analysis and Linear Regression statistical methods were applied.
Service Quality and Customer Loyalty: Rahaman et al. (2011), explored service quality of the private commercial banks in Bangladesh. The findings from their study revealed that, one of the primary causes of service quality design failure is the lack of understanding of the evolving need and preferences of targeted customers.

Ilhaamie (2010), examined the level of service quality, expectation and perception of the external customers towards the Malaysian public services using the SERVQUAL instrument. The study found that tangible is the most important dimension. It also has the lowest scores of perceptions. On the other hand, service quality gap is neither the lowest nor the highest. Finally, these external customers have the highest expectation on the reliability of the Malaysian public service.

Ojo (2010), investigated the relationship between service quality and customer satisfaction in the telecommunication industry with a focus on Mobile Telecommunication Network (MTN) Nigeria. A total of 230 respondents participated in the study. Regression analysis and Pearson product moment correlation coefficient were employed in analyzing the data. The study revealed a positive relationship between service quality and customer satisfaction. The researcher therefore recommended that organizations should focus more attention on service quality, because of its effects on customer satisfaction. To ensure that customer satisfaction level is high organization must first of all know the expectations of the customers and how they can meet such expectations. Customer satisfaction helps in customer loyalty and retention. It has been discovered that the cost of attracting new customer far exceeds the cost involved in retaining existing ones.

Kheng et al, (2010), employed the SERVQUAL model developed by Parasuraman et al., 1988 with five dimensions to evaluate the impact of service quality on customer loyalty among bank customers in Penang, Malaysia. Customer satisfaction was used as an intermediate variable. The findings show that improvement in service quality can enhance customer loyalty. The service quality dimensions that play a significant role in the equation are reliability, empathy, and assurance. The findings indicate that the overall respondents evaluate the bank positively, but still there are rooms for improvements.

Price and Brand Image: Bina, Muhammad and Mehwish (2016), conducted a study on The Impact of price on Brand Image and Customer Retention: A Mediating Role of Customer Satisfaction in Pakistan. The study aim was to investigate the impact of price on customer retention. The scholars revealed that Successful brands take a favorable position, and customer will be able to better patronize and visualize their services. Shaher and Muhammed (2015) conducted a study on an empirical study on brand image and customers' willingness to pay a price premium for packaged food brands. The Basic purpose of conducting the research was to get to know about the willingness or unwillingness of customers to pay premium price for packaged food brands and helping out the companies to use more convincing marketing tools to charge premium price. The study is based on quantitative survey of packaged food brands people are using and quite familiar with and its influence on loyalty as well as customers' willingness to pay a price premium for packaged food brand. The survey shows that price plays an important role to allow the packaged brand positive perception.
Naeem, Ijaz, Hafiza, Ali and Junaid (2016), conducted a study on the impact of packaging, price and brand awareness on brand loyalty: a reseller perspective in mobile sector of Pakistan. The aim of study was to examine the relationship between the packaging, price, brand awareness and brand loyalty. Data was collected through questionnaire on five-point Likert scale from 212 respondents by using convenience sampling technique. Data was collected from customers who purchase various types of mobile brands. This study was conducted with the reference of Pakistan. Correlation and regression analysis were used as statistical tests. Through regression analysis it was found that packaging and brand awareness had strong positive significant relationship with brand loyalty whereas price had weak relationship with brand image in terms of pricing. The correlation analysis found that the significant relationship between the brand price, awareness and brand performance on brand image. The Cronbach alpha reliability is 0.723, it concludes that product attributes have positive relationship with brand loyalty. SPSS version 16 is used for data analysis and End-Note version six is use for citations and references.

Hossien, Ali and Mehdi (2012), conducted a study on the mediatory impact of price and service quality on brand image. The study examined the underlying dimensions of brand equity in the chocolate industry. For that purpose, researchers developed a model to identify which factors are influential in building brand equity. The second purpose was to assess brand loyalty and brand price as mediating factors in the intention of brand image. The study employed structural equation modeling to investigate the causal relationships between the dimensions of brand price and brand image itself. It specifically measures the way in which consumers' perceptions of the dimensions of price affect the overall brand image evaluations. Data were collected from a sample of consumers of chocolate industry in Iran. The results of that empirical study indicated that brand price is an important components of brand image. Moreover, the role of brand loyalty and brand price as mediating factors in the intention of brand image were supported.

Price and Customer Loyalty: Basavaraj and Shivashankar investigated the impact of price on customer's loyalty towards private label brands: the mediating effect of satisfaction. Hubli-Dharwad conglomerate city of Karnataka. The focus of the study was to show the
relationship between the brand price, image, satisfaction and customer's loyalty towards private label brands in Hubli-Dharwad city. This study consisted of 186 valid questionnaires. The Baron and Kenny (1986) four step method of mediation was used to test the model which consists of satisfaction as mediating between the brand image and satisfaction. Linear regression method was used in measuring relationship between the dependent and independent variables. The results show that there exists a relationship between direct brand Price (affordability) and customer loyalty.

Yu-Te, Shean-Yuh and Tan-Kui (2013), conducted a study on The Impact of price and Customer Commitment on Loyalty: An Empirical Study of Automobile Sector. The initial study was from relevant literature, then set up research structure and hypotheses. Survey was employed, and respondents were collected from automobile sector in Taiwan. There were 170 usable questionnaires to analyze normality, convergent and discriminant validities, and SEM model by PASW 18 and AMOS 18.0. The research found that corporate brand price significantly affects customer commitment and loyalty, and customer commitment has strong impact on customer loyalty for the sample. Therefore, firms need to specifically focus on a long-term and mutually profitability relationship with a customer and create loyalty as competitive advantages in the markets.

We reiterate the opinion of Asgarpour, Hamid, and Sulaiman (2015) in our argument for Customer perceived value especially in identifying service quality and price as harmonizing tools through which differing views and opinions of customers can be synthesized. This is so because delivering customer value is an essential strategy to gaining their confidence and hence their preference. This is sequel to the fact that customers make purchasing preferences based on their perceived value. We argue that failure in establishing this emotional bond called perceived value, would lead to customers reduced preference for that travel agency. We further argue that the fundamental criterion for evaluating the preference of a travel agency should be based on the capacity to enhance the utility of the service in terms of service quality and price and also be resilient in the face of the heterogeneous nature of the tourists.

We therefore argue that the preference for any travel agency within the Nigerian tourism industry, would emphasize on the brand image and customer satisfaction. This therefore implies that when the quality of service and price are perceived as within and beyond the expectation of the customer, then the overall impact in the customer's minds, that is developed through different sources would be positive. This also means that the customers would deeply hold commitment to rebuy or re-patronize a preferred travel agency consistently in the future.

**Conclusion and Recommendations**

In this study we examined customer perceived value as a determinant of travel agency preference in the Nigerian Tourism industry. The study was as a result of the dearth in literature within these contexts in the Nigerian environment, especially using service quality and price as dimensions and brand image and customer loyalty as measures. We argue that the preference or choice for any travel agency highly depends on the price, service quality, and its
brand image. The position of customer perceived value is one which cannot be overemphasized or compromised. In our view, the presence of adequate service quality and pricing to meet and/or exceed customer expectation would trigger off customer loyalty and thus, the preference or choice is then made.

The study offered insight with regards to concepts such as customer perceived value in terms of a display of price and service quality and also measures of travel agency preference such as brand image and customer loyalty.

Given the outcome of the study, we recommend as follows:

i. Management of travel agencies should strive to create preferences of their brand in term of service quality and pricing.

ii. Practitioners advance customer value as a more deliberate and conscious approach towards the management, monitoring and of their customer's preferences.

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