

A STUDY OF PURCHASE INTENTION AND CUSTOMER SATISFACTION WITH REFERENCE TO ONLINE TRAVEL AGENCIES

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ABSTRACT

The ever increasing internet, mobile and credit card penetration along with government efforts to boost tourism, a rising middle class, and an increasing disposable income has ensured that online travel agencies in India are going to enjoy a high growth period. The only way to sustain their business in this highly competitive yet low-margin environment is to acquire and retain customers by improving customer trust and perceived value. The focus is to understand the impact of electronic service quality's dimensions on customer trust while they use online travel agencies in India. It will help online travel agencies to deploy resources correctly to strengthen processes which impact trust the most. Additionally, it will help guide existing online travel agencies and future entrants to have an in-depth understanding of the dimensions of electronic service quality that are information availability, ease of use, graphic style, privacy, and security of their websites.

Keywords: Trust, Electronic Service Quality, Online Travel Agencies, Perceived Value, Indian Travel Market

INTRODUCTION

The advent of information technology (IT) enables easy access to product information by both suppliers and buyers, provides transaction assurance and solves timely problems for business applications and convenience. Thus, the size of electronic commerce (e-commerce), based on the advantage of IT, has been increasing continually. The tourism industry is no exception to this practice.

The tourism business environment has been undergoing a major transition in which travel-related products increasingly have been offered over the Internet and traditional travel agencies have faced growing competition from a new breed of online intermediaries indicated that traditional tour operators recognized the potential of this new distribution channel and viewed the Internet as the only way forward.

Purchasing travel products over the Internet is predominantly beneficial for both service providers and buyers, Due to the touristic product's characteristics, especially its intangibility, the sale of touristic products and services rely quite on information and personal touch. If by one hand information flux gets fluid with Information and Communication Technologies, personal touch is not much affected.

Reselling hotel rooms, air tickets, cruises, ferry and car rentals, Online Travel Agencies have limited action in terms of differentiating their services online. While traditional travel agencies typically sell holiday packages, offer travel counseling and advising, providing excellence in personal touch aspects of the sale and serving clients that do not want to bore too much because using Internet travel services creates value for consumers through enhanced goods and services, reduced costs and immediate communication with service providers with the booking process, Online Travel Agencies serve clients that are more independent and determined and time and price sensitive.

It is possible to assert that the online travel industry competition's landscape is intense. Firstly because the entry in the online travel industry is not as difficult as it is in traditional channels, due to the online-business model it requires and the ease of international expansion. Second because suppliers started to sell directly to consumers, and other players like meta search engines entered the market listing different providers for each customer's search. Due to the major growth in tourism, the preferences, trends and usability of tourism are constantly changing and meanwhile the technology used for tourism and travel is advancing and increasing. Travelers rely more and more on online sources and outlets for tourism, and enjoy the effortlessness of reserving a holiday with a mere click of the mouse.

REVIEW OF LITERATURE

Oorni and Klein (2003) undertook two experiments to compare consumer search behavior electronically and through conventional markets in travel and tourism industry. They examined the effect of Internet-based electronic markets on consumer search in travel and tourism industry. They pinpointed that same forces promote consumer search in conventional markets act in electronic markets as well.

Sahadev and Islam (2005) highlighted that the use of internet for the purpose of communicating and transacting with customers has been growing rapidly in the worldwide tourism industry. Moreover, the internet usage also varies across countries, even within a country there are large variations among different enterprises.

Tejada and Linan (2009) in their study explored the major global factors that have an impact on the forces of demand and supply of the tourism industry. They enlisted Internet and decreased cost of air travel in affecting the supply side of this industry. And on the other hand, increasing income, changing lifestyles and development of newer tourist sites have been evaluated as factors leading to higher demand.

Qirici, Theodhori and Elmazi (2011) indicated the importance of information technology in context of changing consumer needs and thereby corresponding by delivering appropriate products to the targeted segments. Internet enabled tourism businesses to improve their flexibility, interactivity, efficiency and competitiveness.

Daghfous and Barkhi (2009) concluded that IT applications in the hotel industry, which have been largely devoted to the handling of routine operational problems, has contributed much in the form of service excellence and high profits.

Morrison et al. (2001) in his research study developed and tested predictive models for the likelihood of booking travel online and for being a repeat booker of travel online. In the year 1999, the number of Americans, who booked travel online, increased by more than 80%. He distinguished the internet travelers into lookers and non-lookers. After finalizing travel plans, some lookers turn into bookers while the rest are offline bookers.

THE ROLE OF META SEARCH WEBSITES

Meta search websites are service providers created with the aim to help customers by reducing their search costs and compiling information. Basically, meta search engines do not process booking transactions, neither provide the full range of services and destination content typically found on an OTA website. Rather meta searchers provide results based on customers' selected search parameters, showing partner online travel agencies (OTAs) and/or suppliers' retail websites and other essential information, referring the link directly to the source, where the booking process is taking place.

Thus, Meta searchers are positioned upstream from OTAs in the online travel supply chain. Meta search engines represent a two-faced coin for OTAs: on one hand they are listed among their competitors and positioned generally based on the lower price criteria which lead to customers' preference for rivals' products; on the other, they can benefit from this tool by watching closely their competitors prices for each route.

OBJECTIVES OF THE STUDY

1. To study the online travel agencies working in India.
2. To study the business model of online travel agencies.
3. To determine the factors affecting customer satisfaction of online travel agencies.

HYPOTHESIS OF THE STUDY

H01: Consumer purchase intentions prefer online travel agencies over traditional methods.

H02: Meta server websites have played important role to influencing customer preference towards online travel.

H03: Customer purchase of online travel has relation with the satisfaction of customers.

RESEARCH DESIGN

For primary data the respondents were chosen randomly to grant interview of the 245 respondent. The questions were asked in a predetermined sequence.

The secondary data was collected from various books, magazines, internet, journal, reports (both published and unpublished) etc.

AREA OF STUDY AND SAMPLING

The present research is carried out in state of Uttar Pradesh, India. First question for defining the area of study is to define the universe of the study. The universe comprises of those entire individual, who are of interest for any particular study and about whom the research is being carried out. The current research is addressed to the entire state of Uttar Pradesh.

ONLINE TRAVEL AGENCIES IN INDIA

Nowadays, to easy the work of travelers and hassle free booking of hotels, flights and everything you need to know about your destination is available up online. Many companies are working in this direction and have become market players over a span of time, offering tempting discounts and great travel packages. Some of such companies who have been doing remarkably well with offering great deals and information to its customers are mentioned below:

Makemytrip

Makemytrip has made a great position in the Indian market and has been offering good packages and credible reviews. You can even read the travel stories and experiences of travelers here. The company offers deals in domestic and international flight, train and bus tickets, holiday packages, hotel reservations and other products and services.

Yatra

The deals are good and generally pocket friendly for Indians. They have offers on international and domestic packages. There are a good number of packages for families. The company offers all travel related services and products. It is one of the best travel companies in India providing all the information, availability, pricing details and bookings of domestic and international hotels, packages, train, flights and car rentals across 336 cities.

Cleartrip

A wide variety of international and domestic holiday packages can be found on this site and the offers too are not too harsh on the Indian pocket. Cleartrip provides online travel services which includes and international holiday packages, reservations, rail tickets, flight tickets and bus tickets.

Thomas Cook

Thomas Cook has been one of the oldest travel agency, earlier offline and later moved to online business. Being experienced in this field, they offer good deals though they are often not economic. Thomas Cook offers services in MICEs, Corporate Travel Management, Foreign Exchange, Insurance, Leisure Travel and E-Business.

Cox and Kings

They offer luxury and premium deals on tour packages. The packages are attractive and the deals too are worth all the money. The services offered by the company include Outbound Tourism, Destination Management, Domestic Holidays, Trade Fairs, Business Travel etc.

Travelguru

This one claims that they give you last minute hotel deals too. The travel package they offer is fairly good overall and is suitable for the budget of most people in India. It gives the users various deals on airlines and hotels worldwide. Travelguru offers the facility to book and explore air tickets, hotel rooms, cruises and vacation packages more conveniently and securely.

Ezeego1

This is not so famous yet but like other sites, his too has some really amazing deals and a wide range to choose from. They are still trying to lead the market and hence are offering good discounts. The company offers deals on domestic and international flights, hotels, holidays, cruises and business trips.

Goibibo

The company has been there for long now and has made its place well. The feedback and reviews have always been good which shows that people like the deals provided by the company to the travelers. The company features various travel services and products which allows the user to explore the largest range of destinations and hotels.

E – TOURISM SECTOR

E-Tourism is a blooming sector. Most of the tourism companies are involved in developing their internet services for generating more business and hence revenues. It has also widened the scope for business expansion in all geographical, marketing and operational senses. E-tourism companies can now be considered as powerful *‘travel supermarkets’* as they provide integrated travel solutions and a whole range of value added services. Role of traditional tour operators is being threatened by the dynamic packaging of new online entrants in tourism industry.

Fig. 1

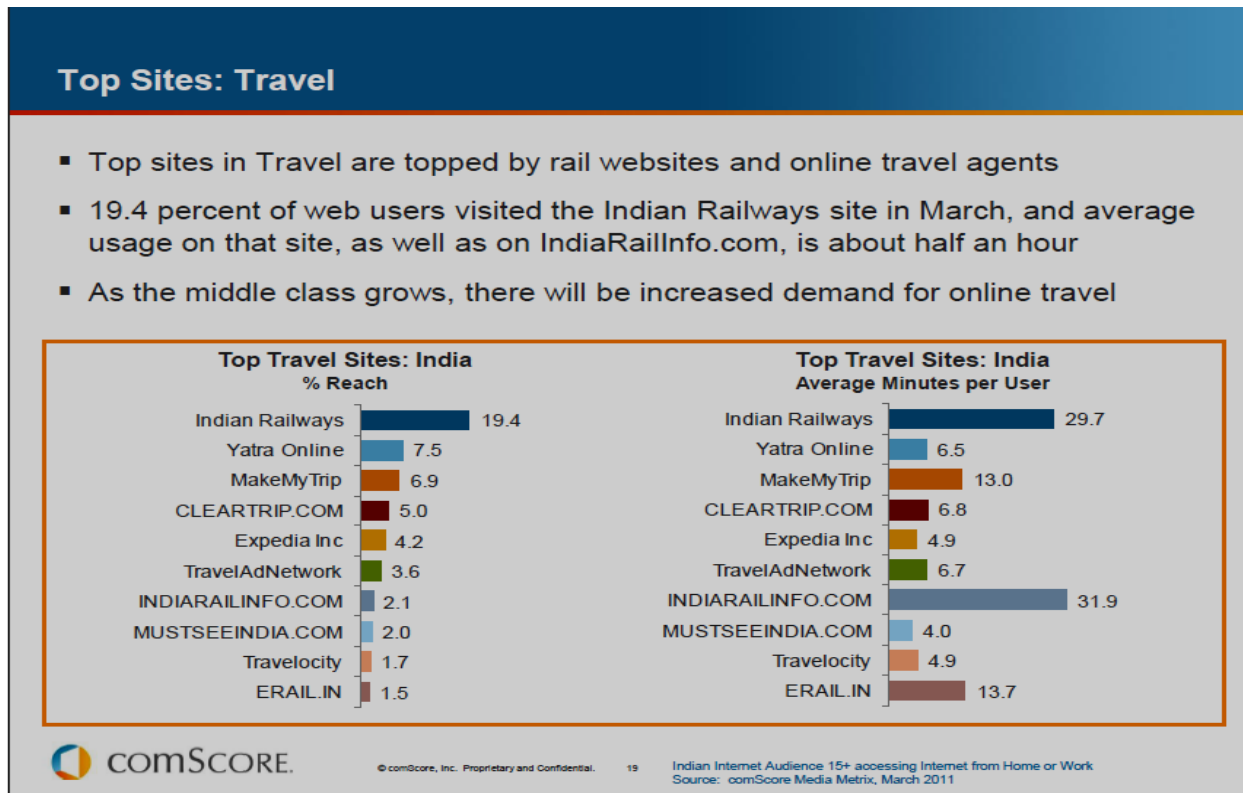
What product/services do you intend to purchase online in the next 6 months?		
Base: All respondents	APAC	IN
Books	52%	41%
Music (not downloaded)	17%	21%
Videos/DVDs/Games (not downloaded)	16%	22%
Clothing/Accessories/Shoes	44%	25%
Cosmetics/nutrition supplies	30%	14%
Electronic equipment (TV/Camera etc.)	32%	36%
Toys/Dolls	14%	10%
Computer Hardware	21%	24%
Computer Software (not downloaded)	12%	21%
Airline ticket/reservations	35%	40%
Tours/Hotel Reservations	30%	29%
Automobiles & Parts	7%	12%
Event Tickets	18%	26%
Sporting Goods	17%	12%
Sports Memorabilia	8%	5%
Groceries	27%	18%

Source:

Neilson Report on Online shopping trends in India (September 20, 2013)

According to the survey, conducted by Neilson, about 40% of the Indians are most likely to buy airline tickets and reservations online; which is the second highest option in the minds of Indians in terms of online purchasing as well as 29% of the Indians opt to plan for online Tours/ Hotel reservations. With the increasing level of consumer confidence, online travel industry has seen rising stocks and improved conditions for air and hotel suppliers in the industry's ecosystem.

Fig. 2



Source:

State of the Internet In India - June 2011 - A Report by ComScore (June 8, 2011)

A report by Shrey Gandhi (comscore), provided insights into the analysis of top online activities such as buying behavior, web search, online travel, social networking and more across India with comparison to Bric countries, US, Japan and European Nations. Also, it gives insights into the top online brands across different sectors. Growth rate of travel in India is 13%. Indian railways top the chart in online travel sites with 19.4% users. Other websites which follow it are Yatra online (7.5%), Make my Trip (6.9%) and Cleartrip (5%).

DATA ANALYSIS

The main characteristics of the 245 respondents are presented in table 1. Respondents were mainly female (58.7%). Most of them were 26-35 (50.2%) of age, had completed college or university studies (63.6%). In general, these respondents can be considered young and well-educated Internet users.

Table 1. Demographic profile of the respondents		
Variable	Frequency	Percentage
Gender (n=245)		
Male	100	40.8
Female	145	59.2
Age (n=245)		
18-25	49	20.0
26-35	124	50.6
36-45	47	19.2
46-55	22	9.0
55 or over	3	1.2
Education level (n=245)		
Less than secondary/high school	0	0.0
Completed secondary/high school	19	7.8
Completed college/university degree	157	64.1
Completed postgraduate degree	69	28.1
Years of Internet use (n=245)		
1-3 years	12	4.9
4-6 years	30	12.2
7-9 years	74	30.2
10 years or over	129	52.7
Browser use per day (n=245)		
1-3 hours	78	31.8
4-6 hours	77	31.4
7-9 hours	52	21.2
10 hours or over	38	15.6

Source: Primary data

Table: 2. Demographic profiles of online travel purchasers and browsers					
Variable	Previous online travel purchase experience				Chi-square
	Yes (n=103)		No (n=142)		
	Number	%	Number	%	
Gender					
Male	35	34.0	65	45.8	df=1 $X^2=2.967$ p=0.085
Female	68	66.0	77	54.2	
Age					
18 – 25	12	11.7	37	26.0	df=4 $X^2=19.770$ p=0.001**
26 – 35	55	53.4	69	48.6	
36 – 45	30	29.1	17	12.0	
46 – 55	6	5.8	16	11.3	
56 or over	0	0.0	3	2.1	
Education Level					
Less than secondary school	0	0.0	0	0.0	df=3 $X^2=6.945$ P=0.031*
Secondary school	6	5.8	13	9.2	
Undergraduate degree	59	57.1	98	69.0	
Postgraduate degree	38	36.9	31	21.8	
Years of Internet use					
1 – 3 years	1	1.0	11	7.7	df=3 $X^2=10.101$ P=0.018*
4 – 6 years	10	9.7	20	14.1	
7 – 9 years	28	27.2	46	32.4	
10 years or over	64	62.1	65	45.8	
Hours of Internet use					
1 – 3 hours	28	27.2	50	35.2	df=3 $X^2=8.818$ p=0.032*
4 – 6 hours	28	27.2	49	34.5	
7 – 9 hours	31	30.1	21	14.8	
10 hours or over	16	15.5	22	15.5	

* p < .05, ** p < .01.

Source: Primary data

As far as online travel purchasers are concerned, the majority of those are female (66%), in the age range of 18-35 years (65.1%). One of the survey regarding online travel services (Insight explorer Limited, 2003) indicated a similar sample to the present study. The sample population had more female (55%) than male (45%) and had a concentrated distribution in the 20-35 age groups.

Table: 3. Perceptions of online travel purchasers and browsers on the importance of different dimensions

Dimension	Purchasers (N=103)		Browsers (N=142)		<i>t</i>	<i>p</i>
	Mean	SD	Mean	SD		
Presentation and Design	1.9619	0.4978	2.0451	0.4843	-1.319	0.592
Ease of use	1.7432	0.6163	1.6831	0.5546	0.830	0.546
Information quality	1.9102	0.4910	1.8924	0.4984	0.280	0.473
Customer services	1.6405	0.6907	1.7359	0.6286	-1.131	0.999
Interactivity	2.2635	0.6852	2.1972	0.6416	0.780	0.705
Security and privacy information	1.4167	0.5787	1.4243	0.5962	-0.101	0.534
Financial incentive	2.0552	0.6948	2.0620	0.6576	-0.078	0.755

Note: importance scale: 1=very important, 5=not very important

Among all dimensions, security and privacy information was rated as very important by both online travel purchasers and browsers. However, t-test did not show any significant difference in perception between these two groups.

Table: 4. Customers Perceived Service Quality in the Online travel agency Unit

No.	Statement	Average
1	Promptness of service	4.15
2	Accuracy of Transactions	4.14
3	3 Speed of processing transactions	4.04
4	Speed of Response to Complaints	4.10
5	Concern and Desire for Assisting	4.03
6	Staff concern for customers	4.04
7	Staff attitude to customers	4.03
8	Security in transactions, parking etc	4.05
9	Ease of Communication	4.06
10	Attention and Patience of staff	4.05
11	Availability of kids area, food courts, parking, ATM counters etc	4.03
12	Cleanliness, ambience, etc	4.04
13	Range of products, assortments, etc	4.10
14	Staff Performance	4.12
15		4.15

From the table above, on average, customers perceived service quality ratings are at 4.07 levels (from the range 1 (not good) to 5 (very good)).

The Influence of Service Quality in Online travel agency Units: The relation between service quality and customer satisfaction / correlation coefficient (r) is 0.677 or 67.7% (middle up relation) and has positive relation.

Table: 5. Correlations Analysis

	X	Y
Pearson Correlation X	1.000	0.677
Y	0.677	1.000

Interpretation: The Influence of Service Quality in Online travel agency Units: The relation between service quality and customer satisfaction / correlation coefficient (r) is 0.677 or 67.7% (middle up relation) and has positive relation. The analysis is done on all five parameter. The overall mean value of Likert is 4.15 which indicate the customers are agreed. It represent that the consumers are satisfy.

Table: 6. HYPOTHESIS RESULT

HYPOTHESIS	RESULT
H01: Consumer purchase intentions prefer online travel agencies over traditional methods.	ACCEPTED
H02: Meta server websites have played important role to influencing customer preference towards online travel.	ACCEPTED
H03: Customer purchase of online travel has relation with the satisfaction of customers.	ACCEPTED

RESULTS OF ANALYSIS

The research investigations were conducted to ascertain the purchase intention and customer satisfaction towards online travel agencies. Several factors influence purchase intention and customer satisfaction for online travel products, e.g. social factors which contextualize online purchase. Trust influences consumer behaviour and is significant in e-commerce.

The present research is carried out in state of Uttar Pradesh, India. The universe comprises of those entire individual, who are of interest for any particular study and about whom the research is being carried out. The current research is addressed to the entire state of Uttar Pradesh.

CONCLUSION

The Internet and e-commerce have become extremely important avenues for companies in many industries to interact with their customers and other stakeholders. Many travel websites have been built to attract potential customers on the Internet, and website features which can be used to measure consumer perception of the travel website. The research mainly concentrated on purchase intention and customer satisfaction towards online travel agencies.

On the basis of the study, it can be said that online traveling information over traditional information systems has been favored by both Customers and the Travel agents. They have a greater role to lead the industry to new heights. Being established players in the field, the online traveling information systems are

looked at with a greater expectation by users and hence they need to live up to the expectation of the users. To assure the positive word of mouth in the industry, the industry should focus on improving the services. The rest tourist experience seems to a certain degree to be provided by the tourists themselves by word of mouth. The significance conclusion is that quality is a goal, an objective which must mobilize all the units of the service organization. Quality represents the direction towards which the specific action must be oriented.

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