

*Full Length Research Paper*

# The customer market practices of the travel agency industry in the Gauteng Province of South Africa

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**Relationship marketing stresses the importance of continuous interaction between the seller and the buyer in order to cultivate a long-term, mutually beneficial relationship. High interest rates, increasing prices of basic goods and services and a weakening rand has reduced consumer spending on domestic and international travel. Therefore, there is continued pressure on South African travel suppliers to review their current relationship marketing practices to secure customer retention in a competitive and volatile travel market. The purpose of the article is to indicate the current status of the customer market practices of the travel agency industry in Gauteng, and to provide recommendations to the management of travel agencies in the province regarding the improved application of the principles of relationship marketing. The target population for this study was 280 travel agencies of which 170 managers and/or owners participated through personal interviews in the completion of questionnaires. The findings of the study indicate that the owners and managers of travel agencies must create an environment which is more accessible for the critical interaction with customers. The loyalty of customers can be increased when customers are provided with the opportunity to share their experiences and comments with the travel agency in an interactive manner.**

**Key words:** Customer market, customers, customer service, relationship, customer commitment, travel agencies.

## INTRODUCTION

Researchers and managers maintain that one of the key goals of marketing is to build and sustain strong customer relationships. A large body of research in both business-to-consumer (B2C) and business-to-business (B2B) markets has established and confirms empirically that relationship marketing (RM) investments enhance both customer trust and commitment, and in turn these relational mediators influence customer behaviours, leading to superior seller performance (Palmatier et al., 2009). Providing customers with quality services and satisfying their expectations are prevalent in services marketing literature (Bamford and Xystouri, 2005). This idea is based on the notion that a business can increase both its profits and customer loyalty if it provides customers with satisfying levels of service. As is the case with the travel agency industry, customers often have access to a variety of service providers. Meyer and Schwager (2007) and Aksoy et al. (2003: 343) stipulate that service providers should determine customer expectations, satisfy

customer needs by providing quality services to them, and retain loyal customers. Many businesses, however, do not realise this until they have already lost customers to competitors.

In most economic areas of the developed world, approximately 80% of the workforce is employed in the service sector. The service sector refers to the retail sector, educational institutions such as schools and universities, travel and tourism, medical, construction and communications services (McColl et al., 1998). Service businesses are fundamentally important to the economy of any country, as they contribute, amongst others, to its gross domestic product (GDP) and employment rate. Tourism in South Africa, for example, contributes 5% to the country's GDP (Dikeni, 2001). Growth in the service sector has persisted since the late 1990's and service industries have a large impact on national economies (Baker, 2003: 586). Furthermore, in South Africa, the contribution of the services sector to the country's GDP

has increased from 55% in 1992 to 58% in 2002, while its share in employment increased from 58% in 1992 to 64% in 2002 (UNCTAD, 2004). The growth in the service sector has led to it becoming more competitive, transforming the management and marketing of service businesses (Baker, 2003).

For example, the number of travel agencies in South Africa has grown by 20% since 2005 and is responsible for the creation of 8.75% of all employment in the South African service sector (ASATA, 2008). Currently, the focus of service businesses is their clients and their needs and preferences (Armstrong and Kotler, 2007). Businesses that recognize the importance of customer orientation create a business culture which takes into consideration the interests of the consumer in all its activities. Such business should consider the customer as a partner in achieving the success of the business. This approach is superior to short-term separate interests which occur within a business, no matter whether it is the interests of the employees, management or directors of the business. Everyone's role on the side of the business should primarily be observed through the success of offering value to the customer (Vranesevic et al., 2002). Furthermore, little research has also been conducted so far in the field of customer market relationships in the travel agency industry in South Africa.

This article will attempt to indicate what the current status is of the relationships which travel agencies in the Gauteng Province have with their customer market, and will provide recommendations to the management of travel agencies in the province regarding the improved application of the principles of relationship marketing to this market. The measurement of the customer market practices of travel agencies in Gauteng was done according to three constructs that were developed from the literature. For the purpose of this study, the activities for the building of long-term relationships with customers include aspects such as the ability of a business to provide customers with products and services of a superior quality, customer loyalty and commitment implies that trust and commitment are two pre-requisites to ensure customer retention and customer research, for customer retention relates to the measurement of customer preferences on a regular basis. This article will provide a discussion on the problem statement and the purpose of the article will be highlighted, followed by a focus on the objectives of the study and an overview of the theory relating to the customer market. This is followed by a discussion of the methodology applied to the study, and the major findings and managerial implications which form an inherent part of the research.

### **Problem statement**

The travel agency industry in South Africa is a dynamic and competitive industry. The payment of commission to

travel agencies by suppliers of travel products in South Africa was phased out from the 1st of May, 2005. This implies that the only income stream for travel agencies from this date is their service delivery charge to corporate and leisure customers. This scenario necessitates the travel agency industry to ensure that they deliver a service to customers that will satisfy their needs in a professional manner. Through such service delivery, the ideal outcome should be satisfied customers (Bendix, 2005). Ward and Dagger (2007) stipulate that in any form of relationship between customer and service provider, the attitude of the customer towards such a relationship is likely to be of importance. The stronger the customer thus perceives the importance of relationships in general, the more likely the customer is to develop a stronger relationship with the service provider. Whilst there are many potential dimensions to such a relationship, the importance of these dimensions to customers may impact on the strength of the relationship developed between the service provider and customer.

The development, maintenance and strengthening of a relationship with customers will depend on the customers' perception of the importance of key relationship dimensions. These dimensions will eventually influence the relationship inclination of customers towards the establishment of a long-term relationship with the business. The key dimensions referred to are bonding, empathy, reciprocity, trust, friendship, recognition, thoughtfulness, understanding, time to listen, commitment and loyalty (depending on, amongst others, product and service quality) and shared values (Sin et al., 2005). Therefore, it becomes important for travel agencies to implement customer marketing strategies based on the customers' experience with the travel agency through their level of relationship commitment, product quality and service delivery. Such strategies could be to the benefit of the travel agency in the long-term, since a satisfied customer will communicate his/her experience to other members of the public in a positive manner. Such customer recruitment is done on behalf of the travel agency without any financial expenditure (Bendix, 2008).

Against the brief background on the importance of customer marketing and the travel agency industry previously provided, the problem statement of this article encompasses an investigation into the customer market practices of the travel agency industry in the Gauteng Province. More formally, the article wants to establish the current level of relationship marketing relationships which exist in the customer market of the travel agency industry in Gauteng, and identify limitations in these relationships which might exist in this market. The principles of relationship marketing in the customer market of travel agencies in Gauteng are identified and the application thereof by the travel agency industry in the province determined. Jordaan and Prinsloo (2004) stipulate that the products and services of a business are an integral part of its ability to satisfy the needs of customers. It

encompasses a combination of the design and characteristics of the product which is supported by the delivery of a quality service. The business hereby attempts to satisfy the needs of customers with greater success compared to the ability of competitors. Within the customer market of a business, the customer must make a commitment to establishing a relationship with the business (Otto, 2004). This therefore, emphasizes the necessity for a business to research its customer markets on a continuous basis.

### Objectives of the article

The primary objective of the article is to investigate the customer market practices of travel agencies in Gauteng, South Africa and to make recommendations regarding the improved application of the principles of relationship marketing to the customer market of travel agencies in the province.

The secondary objectives are:

1. To determine activities travel agencies ideally prefer to include when building long-term relationships with customers, as well as the extent to which they currently include these activities;
2. To determine the activities travel agencies ideally prefer to include when building customer loyalty and commitment, as well as the extent to which they currently include these activities;
3. To determine the activities travel agencies ideally prefer to include when conducting customer research to increase customer satisfaction, as well as the extent to which they currently include these activities;
4. To determine whether significant differences exist between the current state with which activities are being executed and the ideal state of activities to build long-term relationships with customers;
5. To determine whether significant differences exist between the current state with which activities are being executed and the *ideal state* of activities to build customer loyalty and commitment; and
6. To determine whether significant differences exist between the *current state* with which activities are being executed and the *ideal state* of activities when conducting customer research to increase customer satisfaction.

### Hypotheses of the article

**H<sub>1</sub>:** Travel agencies currently perform the activities required to build long-term relationships with customers.

**H<sub>0</sub>(1):** Travel agencies do not currently perform the activities required to build long-term relationships with customers.

**H<sub>2</sub>:** Travel agencies currently perform the activities

required to build customer loyalty and commitment.

**H<sub>0</sub>(2):** Travel agencies do not currently perform the activities required to build customer loyalty and commitment.

**H<sub>3</sub>:** Travel agencies currently perform the activities required to conduct customer research to improve customer satisfaction.

**H<sub>0</sub>(3):** Travel agencies do not currently perform the activities required to conduct customer research to improve customer satisfaction.

**H<sub>4</sub>:** Significant differences exist between the means of the current state with which activities are being performed and the ideal state of individual activities to build long-term relationships with customers in the travel agency industry in Gauteng.

**H<sub>0</sub>(4):** Significant differences do not exist between the means of the current state with which activities are being performed and the ideal state of individual activities to build long-term relationships with customers in the travel agency industry in Gauteng.

**H<sub>5</sub>:** Significant differences exist between the means of the current state with which activities are being performed and the ideal state of individual activities to build customer loyalty and commitment with customers in the travel agency industry in Gauteng.

**H<sub>0</sub>(5):** Significant differences do not exist between the means of the current state with which activities are being performed and the ideal state of individual activities to conduct customer research to improve customer satisfaction in the travel agency industry in Gauteng.

**H<sub>6</sub>:** Significant differences exist between the means of the current state with which activities are being performed and the ideal state of individual activities to conduct customer research to improve customer satisfaction in the travel agency industry in Gauteng.

**H<sub>0</sub>(6):** Significant differences do not exist between the means of the current state with which activities are being performed and the ideal state of individual activities to build customer loyalty and commitment with customers in the travel agency industry in Gauteng.

**H<sub>7</sub>:** A significant difference exists between the means of the individual statements measuring both the current and ideal application of activities to build long-term relationships with customers in the travel agency industry in Gauteng.

**H<sub>0</sub>(7):** A significant difference does not exist between the means of the individual statements measuring both

the current and ideal application of activities to build long-term relationships with customers in the travel agency industry in Gauteng.

**H<sub>8</sub>:** A significant difference exists between the means of the individual statements measuring both the current and ideal application of activities to build customer loyalty and commitment in the travel agency industry in Gauteng.

**H<sub>0</sub> (8):** A significant difference does not exist between the means of the individual statements measuring both the current and ideal application of activities to build customer loyalty and commitment in the travel agency industry in Gauteng.

**H<sub>9</sub>:** A significant difference exists between the means of the individual statements measuring both the current and ideal application of activities to conduct customer research to improve customer satisfaction in the travel agency industry in Gauteng.

**H<sub>0</sub> (9):** A significant difference does not exist between the means of the individual statements measuring both the current and ideal application of activities to conduct customer research to improve customer satisfaction in the travel agency industry in Gauteng.

**H<sub>10</sub>:** A significant difference exists between the overall means of the current and ideal application of activities to build long-term relationships with customers in the travel agency industry in Gauteng.

**H<sub>0</sub> (10):** A significant difference does not exist between the overall means of the current and ideal application of activities to build long-term relationships with customers in the travel agency industry in Gauteng.

**H<sub>11</sub>:** A significant difference exists between the overall means of the current and ideal application of activities to build customer loyalty and commitment in the travel agency industry in Gauteng.

**H<sub>0</sub> (11):** A significant difference does not exist between the overall means of the current and ideal application of activities to build customer loyalty and commitment in the travel agency industry in Gauteng.

**H<sub>12</sub>:** A significant difference exists between the overall means of the current and ideal application of activities to conduct customer research to improve customer satisfaction in the travel agency industry in Gauteng.

**H<sub>0</sub> (12):** A significant difference does not exist between the overall means of the current and ideal application of activities to conduct customer research to improve customer satisfaction in the travel agency industry in Gauteng.

## Literature review

### *Activities for the building of long-term relationships with customers*

Relationship marketing focuses on the retention of existing customers. By maintaining current customers, it is suggested that costs are reduced by saving money that would otherwise have been spent on advertising, personal selling, the setting up of new accounts, explaining procedures to new customers and reducing costs of inefficiencies in the customer learning process. A relationship-orientated view of the customer takes into account the income and profit to be earned over a long-term relationship with a customer (Terblanche, 2007). Ndubisi (2007) stipulates that trust and commitment are two primary principles on which relationship marketing is built. The level of satisfaction which a customer experiences in a relationship with a business is directly related to the principles of trust and commitment.

Businesses which recognize the importance of customer orientation create a business culture which takes into consideration the interests of the customer in all its activities. The business should observe the interests of the customer as a partner in achieving the success of a business, as superior to short-term separate interests which occur within a business, no matter whether it is in the interests of the employees, managers or owner of the business (Vranesevic et al., 2002). Customer retention is therefore only possible for the business if the principles of relationship marketing, namely trust, honesty, commitment, open communication channels, a focus on the interests of the customer, a commitment to quality, the provision of added value through products and services and the willingness to retain customers are applied by the business, and if relationships with customers are managed professionally (McPherson, 2006).

### *Activities to build customer loyalty and commitment*

Customer loyalty is increasingly being recognised by businesses globally as a path to long-term business profitability. Loyalty measures the value which the purchase of a product or service holds for a customer. It determines whether a customer will return to the business for repeat purchases (Bush et al., 2007). There are two dimensions to customer loyalty, namely the behaviour dimension and the attitude dimension. The behaviour dimension refers to the manner in which a customer behaves during repeat purchasing, and indicates over time the purchasing preference of a customer towards a specific brand or service. The attitude dimension, on the other hand, refers to the intention of a customer to purchase a product or service on a repeat basis and to recommend the product to others. The customer who has the intention to purchase a

product or service on a repeat basis and who is willing to recommend such a product or service to others, will have a high probability of being loyal to the business (Donovan, 2007; Kandampully and Suhartanto, 2000). Ensuring the satisfaction of customer needs therefore, increases the potential for customer loyalty towards the business. This ensures the long-term growth and future existence of the business. Satisfied and loyal customers are therefore more profitable to the business than loyal customers only (Lamb et al., 2008).

### ***Activities required to conduct customer research to improve customer satisfaction***

Customer satisfaction describes the feeling that a customer has that a product has met or exceeded his/her expectations and can be explained in terms of the so-called Disconfirmation Paradigm. The disconfirmation paradigm proposes that meeting or exceeding customer expectations leads to customer satisfaction, but dissatisfaction results if performance (such as product performance or employee performance) falls short of those expectations (negative disconfirmation) (Boshoff, 2006). Hendrik et al., (2007) state that business firms that fail to ensure customer satisfaction face dire consequences. These include (over the short term) complaints, negative word-of-mouth, switching, loss of sales, loss of market share and eventual bankruptcy.

A business must therefore remain aware of the fact that the individual product or service needs of customers are primarily based on the core product or service offered by the business, and that such a need must be satisfied in advance. The adding of value to the product or service of the business is therefore, determined by the knowledge base which the business has of its customers (Jordaan and Prinsloo, 2004). It is for this reason that market research is of vital importance to the business, and its marketing initiatives should provide a stronger emphasis on the adding of value to the products and services of the business through high quality levels of service delivery. Each customer relationship must be approached as a long-term investment in customers, the communication mix must be focused on the gathering of information from customers, and the distribution system and channels of the business must add value to its products and services (Jordaan and Prinsloo, 2004).

Bolton (2004) states that in customer-centric businesses, there is a move towards supporting the customer 'pull' of products and services. This change requires that marketing departments generate sufficient information to answer the following question, "Who are our customers"? And then to extend this to, "What products or services do our customers want to buy?" The researching of customer needs empowers the business to segment their customers more successfully, forecast accurately against these segments, and adjust the product or service development process to ensure that the

right product mix arrives in the market place at the right time for the right customer groups.

## **METHODOLOGY**

### **Research approach**

This study made use of a quantitative research approach and a descriptive research design. The study was also cross-sectional since the respondents were only interviewed once.

### **Population and sample**

The population for this study included all the travel agencies registered with the Association of South African Travel Agents (ASATA) in the Gauteng Province. The target population for this study was 280 travel agencies of which 170 participated in the study, resulting in a response rate of 61%. In terms of the small size of the population, it was decided to conduct a census.

### **Research instrument**

The measuring instrument used was a structured questionnaire and was developed and validated by Roberts-Lombard (2006). The empirical research component of the study consisted of the completion of interviewer administered questionnaires through personal interviews. The questionnaire consisted of two sections. Section A incorporated closed-ended questions to gather demographic data on the profile of the travel agency. The biographical data of the respondents was gathered through one question in this section, namely the location of the travel agency (for example, Pretoria or Johannesburg). Section B was in the format of a five-point Likert-type scale, comprising 25 statements on customer market relationship building, constituting the three constructs of the study, namely "Activities for the building of long-term relationships", "Activities to build customer loyalty and commitment" and "Customer research for customer satisfaction". The purpose of the statements in the questionnaire was to test respondents' current and ideal application of identified relationship marketing principles in the customer market of travel agencies in the Gauteng Province.

The statement's response continuum ranged from 1 to 5, where 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree and 5 = strongly agree. The current application of the customer market principles was indicated as  $x(a)$  on the questionnaire, whilst the ideal implication was indicated as  $x(b)$ .

Structured interviews were conducted with ten owners or managers of travel agencies in Johannesburg to pre-test the questionnaire before its formal application as a data gathering instrument.

### **Data gathering**

Personal interviews were conducted with the managers and/or owners of travel agencies in the Gauteng Province. A time frame of forty days was used to complete the interviews. To ensure the participation of the maximum number of population elements, interviews were arranged on the premises of the travel agency.

### **Data analysis**

Before the results from the survey can be analysed, it is necessary to examine the representativity of the sample, as well as the validity

**Table 1.** Reliability statistics.

Measurement set	Cronbach alpha (Current application of statements in measurement set)
Activities for the building of long-term relationships with customers	0.758
Activities to build customer loyalty and commitment	0.708
Activities required to conduct customer research to improve customer satisfaction	0.762

and reliability of the measurement sets. Doing so, assists in understanding the context in which results should be interpreted. This section further describes the level of agreement of travel agencies in the Gauteng Province with regard to the *current state* with which activities are being executed and the *ideal state* of activities to build long-term relationships with customers, the *current state* with which activities are being executed and the *ideal state* of activities to build customer loyalty and commitment, as well as the *current state* with which activities are being executed and the *ideal state* of activities when conducting customer research to increase customer satisfaction, individual statement and overall mean scores for the measurement sets as well as the significant differences between the current and ideal measurement sets for the study. Furthermore, the paired sample T-test was used to determine whether or not significant differences exist between the mean responses of the three measurement sets in the study. Considering that the researcher relied on a 95% level of confidence, or a 5% level of significance ( $\alpha = 0.05$ ), a p-value of less than or equal to 0.05 indicates a significant difference between the means in terms of the paired sample T-test.

### Representativity

The researcher strictly followed the sample plan as previously described in 'research methodology', in order to ensure the representativity of the sample.

### Distribution of results: Skewness and kurtosis

The customer market practices of travel agencies in the Gauteng Province were measured according to three constructs, namely "Activities for the building of long-term relationships with customers", "Customer loyalty and commitment" and "Customer research for customer satisfaction". The data was analysed to uncover the mean scores for (a) the current application of customer market practices and (b) the ideal implementation of customer market practices, the standard deviation for individual statements referring to both (a) the current application of customer market practices and (b) the ideal implementation of customer market practices. Furthermore, to determine whether significant differences exist between the current state with which activities are being executed, and the ideal state of activities to build long-term relationships with customers in the Gauteng Province, to determine whether significant differences exist between the current state with which activities are being executed and the ideal state of activities to build customer loyalty and commitment amongst the customers of travel agencies in Gauteng, and to determine whether significant differences exist between the current state with which activities are being executed and the ideal state of activities when conducting customer research to increase customer satisfaction amongst travel agency customers in Gauteng. The standard marginal homogeneity test statistics and the p-value 0.05 are divided by 9 for the 9 statements in the first measurement set (0.005), 0.05 is divided by 9 for the second measurement set (0.005) and 0.05 is divided by 8 for

the third measurement set (0.006) in order to signal significant differences between the means of the current and ideal state of the three measurement sets.

Before the results can be presented, it is necessary to determine whether the results obtained for each of the survey's statements show a normal distribution. The kurtosis and skewness of the results' distribution for each construct were examined. An activity for which the skewness of the distribution is less than 2.00, falls within acceptable limits of normality (West et al., 1995). All statements included in the three measurement sets determining the customer market practices of travel agencies in the Gauteng Province fall within these limits.

### Reliability

Cronbach's alpha was used to determine the reliability of the measurement sets which assesses the customer market practices of travel agencies in the Gauteng Province. The measure ranges from 0 to 1. A value of 1 indicates perfect reliability, whilst the value of 0.6 is deemed to be the lower level of acceptability (Malhotra, 2007). The reliability statistics for the measurement sets are presented in Table 1.

It is evident in Table 1 that the Cronbach alpha values for all three measurement sets are above the lower limit of acceptability, 0.60. This confirms that the measurement sets used in the study were reliable. It was also proven that the measurement instrument proved itself reliable in a previous study. Therefore, the reliability of the current state of affairs was assessed.

### Validity

When assessing validity, the researcher determines whether a measure used in the study actually does measure what the researcher intends it to measure. As already indicated, the measurement instrument developed and validated by Roberts-Lombard (2006) was used in this study. The instrument was considered valid for the purposes of the present study.

## RESULTS

Table 2 provides an exposition of the customer market practices of travel agencies in Gauteng regarding the activities for the building of long-term relationships with customers. The different items that constitute the construct are specified, the total number of respondents (n) who participated in the study are highlighted, the mean scores indicating to what extent the activities for the building of long-term relationships with customers are currently and should ideally be met by travel agencies in Gauteng, are provided and the standard deviation, standard marginal homogeneity statistic as well as the

**Table 2.** Activities for the building of long-term relationships with customers.

Item	N	Mean (a) [x(a)]	Standard deviation	Mean (b) [x(b)]	Standard deviation	Standard marginal homogeneity test statistic	P-value
We provide individual attention to the service needs of our customers	170	4.76	0.481	4.99	0.157	-5.096	0.0000 *
We provide products and services designed according to the needs of our customers	170	4.38	0.615	4.85	0.356	-3.250	0.001*
We create a desire in our customers to establish a long-term relationship with us	170	4.26	0.874	4.74	0.529	-5.251	0.000*
Customers value the level of satisfaction they receive from our products	170	4.25	0.896	4.70	0.621	-4.359	0.000*
Customers value our professional service delivery	170	4.25	0.626	4.70	0.556	-6.185	0.000*
We provide individual attention to the product needs of our customers	170	4.03	0.368	4.43	0.629	-11.576	0.000*
We create customer satisfaction through a continuous improvement in service quality	170	3.92	0.449	4.41	0.563	-10.040	0.000*
We create customer satisfaction through a continuous improvement in product quality	170	3.92	0.449	4.41	0.563	-10.932	0.000*
We improve our service delivery to customers by increasing our knowledge about them	170	3.86	0.828	4.22	0.446	-7.576	0.000*

\*Significant difference exists where the p-value is lower than 0.005 (0.05 ÷ 9 statements)

p- value for each item are specified.

It is evident from Table 2 that the statement “We provide individual attention to the service needs of our customers” obtained the highest mean score (4.76), followed by “We provide products and services designed according to the needs of our customers” (4.38). The lowest mean score, 3.86, was for the statement “We improve our service delivery to customers by increasing our knowledge about them”.

All the statements in the measurement set “Activities for the building of long-term relationships with customers” illustrate a significant difference in the extent to which travel agencies in Gauteng currently and should ideally include the activities required to build long-term relationships with customers for a p-value less than 0.005. This implies that travel agencies in the Gauteng Province do

not currently perform the activities required to build long-term relationships with customers as part of their marketing strategy.

Since Table 2 illustrates that there is a significant difference in the ability of travel agencies to currently and ideally include all the activities required to build long-term relationships with customers as specified in the literature, hypothesis 1 is rejected and the null hypothesis accepted. Hypothesis 1 (H1) states that travel agencies currently perform the activities to build long-term relationships with customers. The null hypothesis  $H_0$  (1): stipulates that travel agencies do not perform the activities required to build long-term relationships with customers. Furthermore, Table 2 also indicates that significant differences exist between the means of the current state with which activities are being performed, and the

**Table 3.** Activities for the building of customer loyalty and commitment.

Item	N	Mean (a) [x(a)]	Standard deviation	Mean (b) [x(b)]	Standard deviation	Standard marginal homogeneity test statistic	P-value
Customer loyalty is important for our future existence	170	4.53	0.837	4.96	0.189	-0.933	0.351
We want to ensure the long-term loyalty and commitment of our customers	170	4.51	0.690	4.95	0,244	1.073	0.283
A long-term relationship is established if both our customers and we benefit from the relationship	170	4.50	0.690	4.86	0.367	12.442	0.000*
We exist to satisfy the needs of our customers	170	4.43	0.633	4.85	0.390	-3.773	0.000*
The retention of existing customers is more important than the recruiting of new ones	170	4.34	0.753	4.82	0.387	11.918	0.000*
Customer satisfaction is a pre-requisite to ensure customer loyalty towards us	170	4.25	0.770	4.72	0.563	-6.239	0.000*
Trust and commitment are prerequisites for the establishment of a long-term relationship with our customers	170	4.24	0.637	4.64	0.481	-8.660	0.000*
The retention of our customers is important to us	170	4.20	0.602	4.61	0.643	-10.167	0.000*
We use price as a promotional tool to ensure the loyalty of customers	170	3.70	1.375	1.02	0.135	-933	0.361

\*Significant difference exists where the p-value is lower than 0.005 (0.05 ÷9 statements)

ideal state of individual activities to build long-term relationships with customers in the travel agency industry in the Gauteng Province. This therefore implies that hypothesis 4 is accepted, whilst the null hypothesis is rejected. Table 3 provides an exposition of the customer market practices of travel agencies in Gauteng regarding the activities to build customer loyalty and commitment amongst travel agency customers in the province. The different items that constitute the construct are specified, the total number of respondents (n) who participated in the study is highlighted, the mean scores indicating to what extent the activities to build customer loyalty and commitment are currently and should ideally be met by travel agencies in Gauteng, are provided, and the standard deviation, standard marginal homogeneity statistic, as well as the p-value for each item are specified.

It is evident from Table 3 that the statement "Customer loyalty is important for our future existence" obtained the highest mean score (4.53), followed by "We want to

ensure the long-term loyalty and commitment of our customers" (4.51). The lowest mean score, 3.70, was for the statement "We use price as a promotional tool to ensure the loyalty of customers".

The majority of statements in the measurement set "Activities for the building of customer loyalty and commitment" illustrate a significant difference in the extent to which travel agencies in Gauteng currently and should ideally include the activities required to build customer loyalty and commitment with customers for a p-value less than 0.005. This implies that travel agencies in the Gauteng Province do not currently perform the activities required to build customer loyalty and commitment in their marketing strategy. The Table further illustrates that there is no significant difference in terms of the following statements ( $P < 0.005$ ):

1. Customer loyalty is important for our future existence.
2. We want to ensure the long-term loyalty and

**Table 4.** Activities required to conduct customers research to improve customer satisfaction (Customer loyalty and Commitment).

Item	N	Mean (a) [x(a)]	Standard deviation	Mean (b) [x(b)]	Standard deviation	Standard marginal homogeneity test statistic	P- value
We provide our customers with value-added services	170	4.36	0.751	4.83	0.390	-1.044	0.296
We establish a relationship with our customers by adding value to our product and service offering	170	4.29	0.861	4.76	0.545	-7.458	0.000*
We provide our customers with value-added products	170	4.17	0.701	4.58	0.520	-9.146	0.000*
We consciously create a desire for repeat transactions with our customers	170	4.09	0.791	4.53	0.680	-8.135	0.000*
We research the needs of our customers on a regular basis	170	4.09	0.776	4.54	0.500	-7.731	0.000*
Our marketing strategy is formulated around the needs and wants of our corporate market customers	170	3.98	0.903	4.42	0.531	-6.734	0.000*
Our marketing strategy is formulated around the needs and wants of our leisure market customers	170	3.92	0.913	4.35	0.691	-6.170	0.000*
We measure the level of customer satisfaction on a regular basis	170	3.74	0.718	1.27	0.499	-5.864	0.000*

\*Significant difference exist where the p-value is lower than 0.006 (0.05 ÷ 8 statements)

commitment of our customers.

3. We use price as a promotional tool to ensure the loyalty of customers.

Since Table 3 illustrates that there is a significant difference in the ability of travel agencies to perform the activities required to build customer loyalty and commitment, hypothesis 2 is rejected and the null hypothesis accepted. Hypothesis 2 (H2) states that travel agencies do currently perform the activities required to build customer loyalty and commitment. The null hypothesis  $H_0$  (2) stipulates that travel agencies do not currently perform the activities required to build customer loyalty and commitment as part of their marketing strategy. Furthermore, Table 3 also indicates that significant differences exist between the majority of the individual means of the current state with which activities are being performed, and the ideal state of individual activities to build loyalty and commitment with customers in the travel agency industry in the Gauteng Province. This therefore, implies that hypothesis 3 is accepted, whilst the null hypothesis is rejected.

Table 4 provides an exposition of the customer market practices of travel agencies in Gauteng regarding the activities required to conduct customer research to improve customer satisfaction amongst travel agency customers in the province. The different items that constitute the construct are specified, the total number of respondents (n) who participated in the study are highlighted, the mean scores indicating to what extent the activities to conduct customer research to improve customer satisfaction are currently and should ideally be met by travel agencies in Gauteng, are provided and the standard deviation, standard marginal homogeneity statistic, as well as the p-value for each item are specified.

It is evident from Table 4 that the statement "We provide our customers with value-added services" obtained the highest mean score (4.36), followed by "We establish a relationship with our customers by adding value to our product and service offering". The lowest mean score, 3.74, was for the statement "We measure the level of customer satisfaction on a regular basis".

The majority of statements in the measurement set

**Table 5.** Significance testing of the overall mean scores for the activities to build long-term relationships with customers, activities to build customer loyalty and commitment and activities required to conduct customer research to improve customer satisfaction.

<b>Customer market practices of travel agencies in Gauteng</b>			
<b>Measurement set</b>	<b>Score (Current application)</b>	<b>Score (Ideal application)</b>	<b>P-value</b>
Activities for the building of long-term relationships	3.76	3.90	0.000
Activities to build customer loyalty and commitment	3.82	4.30	0.000
Activities required to conduct customer research to improve customer satisfaction	4.11	4.57	0.000

\*Significant differences exists where the p-value is lower than 0.05.

“Activities required to conduct customer research to improve customer satisfaction” illustrate a significant difference in the extent to which travel agencies in Gauteng currently and should ideally include the activities required when conducting customer research to increase customer satisfaction for a p-value less than 0.006. This implies that travel agencies in the Gauteng Province do not currently perform the activities required to conduct customer research to improve customer satisfaction in their marketing strategy. The Table further illustrates that there is no significant difference in terms of the following statement ( $P < 0.006$ ): “We provide our customers with value-added services”.

Since Table 4 illustrates that there is a significant difference in the ability of travel agencies to perform the activities required to conduct customers research to improve customer satisfaction as part of their marketing strategy, hypothesis 3 is rejected and the null hypothesis accepted. Hypothesis 3 ( $H_3$ ) states that travel agencies currently perform the activities required to conduct customer research to improve customer service. The null hypothesis  $H_0$  (4) stipulates that travel agencies do not currently perform the activities required to conduct customer research to improve customer service. Furthermore, Table 4 also indicates that significant differences exist between the majority of the individual means of the current state with which activities are being performed, and the ideal state of individual activities to conduct customer research to improve customer satisfaction in the travel agency industry in the Gauteng Province. This therefore implies that hypothesis 6 is accepted, whilst the null hypothesis is rejected.

#### **Overall mean scores for each measurement set**

Table 5 indicates whether or not significant differences exist when it comes to the overall mean scores for the three measurement sets representing the activities for the building of long-term relationships with customers, activities to build customer loyalty and commitment, and activities required to conduct customer research to improve customer satisfaction.

It is evident from Table 5 that there are significant

differences in the overall mean scores for the “Activities to build long-term relationships with customers”, indicating to what extent the activities to build long-term relationships with customers in the travel agency industry in Gauteng are currently, and should ideally be applied by travel agencies in the province. There are also significant differences indicated by the “Activities to build customer loyalty and commitment” measurement set, specifying to what extent travel agencies in Gauteng are currently and should ideally apply these activities as part of their marketing strategy. Finally, significant differences were also found in the overall mean scores for the “Activities required to conduct customer research to improve customer satisfaction” measurement set, indicating to what extent the activities to conduct customer research to improve customer satisfaction amongst customers of the travel agency industry in Gauteng, are currently, and should ideally, be applied by travel agencies in the province.

#### **Hypothesis testing**

Significance testing indicates whether or not the different groups of respondents (classified by geographical location) differ significantly in the overall means score calculated for each measurement set (Hypotheses 10 to 12). The results of the significance testing are as follows (detailed explanations and relevant Tables are only included where significant differences were found to exist):

#### **Hypothesis 10**

A significant difference exists between the overall means of the current and ideal application of activities to build long-term relationships with customers in the travel agency industry in Gauteng.

#### **Hypothesis 11**

A significant difference exists between the overall means

of the current and ideal application of activities to build customer loyalty and commitment in the travel agency industry in Gauteng.

### **Hypothesis 12**

A significant difference exists between the overall means of the current and ideal application of activities to conduct customer research to improve customer satisfaction in the travel agency industry in Gauteng.

This therefore, implies that hypotheses 10 to 12 are accepted and the null hypotheses rejected.

### **Managerial implications**

An environment must be created that is more accessible for critical interaction with customers. The retention of customers can be increased if such customers are provided with the opportunity to share their experiences and recommendations with the business in an interactive manner. This makes them feel part of the business because their opinions are appreciated. Gordon (1998) and Renton (2007) are in agreement with this empirical finding by stating that customer participation in product and service development must be stimulated to ensure an increase in customer satisfaction levels. This can be achieved through the formalization of research activities within the business to establish customer preferences. The customer is hereby provided with the opportunity to communicate changing preferences, needs and wants directly to the business. The business thereby empowers itself to adapt its marketing strategies to the changing preferences of its target market.

Hendrick et al. (2007) argue that the ability of a business to compile and manage a database of its existing customers can strengthen its relationship with its customer base. This empowers the business to address the problems, queries and complaints of customers in a more professional and successful manner, and to satisfy the needs and wants of these customers. The creation and establishment of an intimate relationship with customers requires a detailed knowledge of the customer base of the business. It furthermore indicates the manner in which the business would be willing to adhere to the expectations of customers. This viewpoint is in correlation with the finding of the study which stipulates that travel agencies need to compile a more comprehensive database of their customers. This will provide the travel agency with personal and corporate information which can be used to arrange follow-up telephone calls to determine the level of customer satisfaction with the service delivered. This aspect is especially important in cases where the travel agency has long-term corporate customers, and wants to determine the satisfaction levels of these customers to ensure their retention and loyalty.

Hereby, the travel agency will enable itself to identify problem areas speedily and to address them in a fast, efficient and professional manner to ensure the satisfaction of their target market.

A business must also create a desire amongst its customers to do repeat purchases. By focusing on the aspects following, customers can be stimulated to return to the business for repeat purchases, namely the delivery of a professional service to customers, the speedy handling and resolving of customer enquiries and complaints, the creation of an aesthetic environment within which a service is delivered to the customer (this aspect includes the appearance of employees) and the rewarding of loyal customers through structured loyalty programmes. A structured loyalty programme can, for example, include a specified percentage discount for purchases of a specific product or purchases over a specified amount. Travel agencies must also be better organised to ensure the increased retention of customers. It can include the establishment of a customer service office which receives and administrates all customer enquiries (corporate and leisure market). Hereby, the queries of customers can be professionally managed to have a positive influence on the retention of customers. However, it is important that a customer service office should differentiate between enquiries received from the corporate and leisure market. This enables the travel agency to direct enquiries and complaints to employees who are operating in the specific customer market. It is furthermore recommended that the desire for repeat purchases by customers can be achieved by focusing on aspects such as the delivery of a professional service to customers, the speedy management and solution of customer enquiries, the creation of an aesthetic environment in which the service is delivered to the customer (this aspect also includes the appearance of employees during the service delivery process), and the rewarding of loyal customers through structured loyalty programmes. A structured loyalty programme can include a percentage discount for the purchase of a specific product or service (for example, a flight ticket, hotel accommodation or car rental) by the travel agency.

Paswan et al. (2007) state that the relationship between the business and the customer must be based on a win-win principle to ensure that the relationship between the two parties are long-term and constructive. Both parties to the relationship must be co-workers in the creation of value in the relationship, and each party must receive added value from the relationship to ensure its success. A long-term relationship with customers increases the product and service innovation strategy of the business. The intimacy between the business and its customers is therefore developed from the successful implementation of a relationship marketing strategy by the business (Ugbah and Evuleocha, 2007; Tinsley, 2002).

Finally, the travel agency management must create channels whereby it can monitor its relationships with the corporate market. The monitoring of the travel agency's corporate market can be done according to four categories. These categories are customers who are currently profitable and illustrate the potential to remain profitable in the future (Category A), customers that are currently profitable, but who can become less profitable in the future (Category B), customers who are not currently profitable, but who illustrate the potential to become profitable in the future (Category C), and customers who currently or in the future do not illustrate any potential to be profitable (Category D). Through such categorisation, the travel agency empowers itself to manage corporate customers more profitably, which can lead to increased loyalty towards the travel agency.

The initiation of a coupon or card system by the individual travel agency or the franchise holder can be considered to reward loyal customers. This initiative can be applied to both corporate and leisure customers of the travel agency. In the case of the corporate market, the four categories of corporate customers, as previously indicated, can be used as a framework for the implementation of a coupon or card system according to the involvement of the corporate client with the travel agency. For example, categories 1 and 3 must be viewed as a priority for the implementation of such a coupon or card system to further stimulate the loyalty of corporate clients in these categories.

Research activities within the travel agency must also be managed in a formalised manner to determine the needs and satisfaction levels of customers. More comprehensive planning must be built into the research initiatives of the travel agency to specify its objectives and outcomes. Product development and service delivery must be planned around the needs and preferences of individual customers. This aspect is especially relevant towards the corporate market which represents a primary source of travel agency income. The professional management of a trust relationship with corporate customers is central to ensure the future loyalty of the corporate market towards the travel agency.

Travel agencies can improve their service delivery to customers by increasing their knowledge of customers. The importance of research is therefore re-emphasised. The service delivery of consultants to customers can be followed by a questionnaire of no more than ten questions, where different aspects are measured. These aspects are the friendliness of the travel consultant, the approach of the travel consultant during the service delivery process, the ability of the travel consultant to address and manage queries, the knowledge of the travel consultant regarding the service being delivered, the aesthetics of the environment within which the service is delivered, the reception provided to the customer when he/she arrives at the travel agency, the speed with which the service is being delivered, the recommendations of the customer to improve the service delivery level to

him/her, general recommendations to the travel agency regarding aspects such as aesthetics and the appearance of the employees, and positive aspects regarding the travel agency which the customer wants to emphasise.

The individual travel agency or the franchise holder must monitor the performance levels of competitors within the travel agency industry or businesses outside the industry on a continuous basis. This will assist the travel agency management in the formulation of formal customer service standards for their travel agency, or to adapt current service delivery standards to customers. By focusing directly on the best customer service practices of competitors or other businesses, travel agencies will enable themselves to improve on their customer retention levels.

## Conclusion

Globally, customers are increasingly becoming more refined in their expectations towards a business, emphasising the need amongst customers to establish a more intimate and enduring relationship with a business. Such a relationship must be characterised by the involvement and commitment of both parties to the relationship, the reactivity of the business regarding the management and resolution of customer queries and complaints, as well as the ability of the business to pay individual attention to customers (Clark, 2000).

This article provided a theoretical perspective on customer marketing with specific reference to the activities for the building of long-term relationships with customers, customer commitment and customer loyalty, as well as customer research to ensure customer satisfaction. This was followed by a discussion on the findings of the study. These findings concluded that travel agencies do not research the needs and wants of their customers on a continuous basis to determine their preferences with regard to the supply of products and services. Furthermore, there should be a stronger emphasis on the different activities which are necessary to ensure that travel agencies build stronger, long-term relationships with their customers.

The article concluded with a focus on the managerial implications of the findings. The major managerial implications of the study were that an environment must be created which is more accessible to the critical interaction with customers. In addition, the customers of travel agencies must also be provided with products and services which are of a high quality. This will ensure that the communication of travel agency customers to the general public will motivate the latter to purchase from the travel agency.

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