

**“Analysing and Improving Service Quality Of Company Shanthi Travels (Pvt) Ltd”**

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A thesis submitted in partial fulfillment of the requirement for the Bachelor of Science in  
Business Management (special ) Degree

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Title: Analysing & Improving Service Quality Of Company Shanthi Travelers (Pvt) Ltd

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## Abstract

It is obvious that customers are important stakeholders to any organization and their satisfaction is a priority to management. In order to improve the service quality level of the company, the company should be aware of the exact customer needs as well as their perception from the customer's point of view. In recent years the Sri Lankan travel industry (both local and foreign tours) has been facing ferocious competition. (ICRA Lanka, 2011)

The aim of the research is to study service quality levels offered for customers in a travel agency for the purpose of improvement of the company. In order to fulfill this purpose Shanthi Travelers Company was chosen as the case company.

The data of this study were collected from a detailed literature review, service quality dimensions selected to explore the relationship among service quality and customer satisfaction. As the theoretical study provided relevant theories determining and defining service quality and customer satisfaction. The other alternative approaches used are internet, observations, questionnaires, open interviews, where the aim of an open interview was to give the respondent freedom in answering questions which support **quantitative** research approach. The results are further analyzed throughout the thesis under findings and recommendations. Questionnaires been used as a method of collecting the *primary data*. The **qualitative** approach also been used via company data base, company reports, company published sources as a method of collecting the *secondary data*.

Finally, the findings of the research revealed the impact of the selected variables towards the quality levels to a certain extent as well as the significance of the impact. The result also shows that there is a statistically strong relationship among the customer satisfaction and quality variables analyzed for the company to survive in the long run in the travel industry.

## Declaration

I hereby certify that this dissertation entitled “Analyzing and Improving Service Quality of Company Shanthi Travelers (Pvt) Ltd” is entirely my own work and never has been submitted for any other degree.

Candidate : Ms N.S.Jayawardena

Signature

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Date

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## **Chapter 01**

### **Introduction**

#### ***1.1 Travel agency industry in Sri Lanka.***

A travel agency is a retail business, that sells travel related products and services, particularly package tours to customers, on behalf of suppliers, such as airlines, car rentals, hotels, sightseeing tours and tour operators etc. In addition to dealing with ordinary tourists, most travel agencies have a separate department focused on arranging travel itineraries for business travelers. Certain travel agencies specialize in commercial and business travel. There are also travel agencies that serve as general sales agents for foreign travel companies, allowing them to have offices in countries other than where their headquarters are located.

In Sri Lanka to be registered as an agency a travel agent should satisfy the definition of indication in section 48(1) of the Ceylon tourist board Act No: 10 of 1966.

The Sri Lankan travelling agency business has seen tremendous changes over the last 5 years as a result of the terrorism, local tours for Northern Province has declined and only foreign tours took place. Presently there are around 80% of the travel agencies located in Colombo, hub of the commercial, business related activities with high number of travel outlets including high competition for limited business, and the remaining 20% island wide. (ICRA Lanka, 2011)

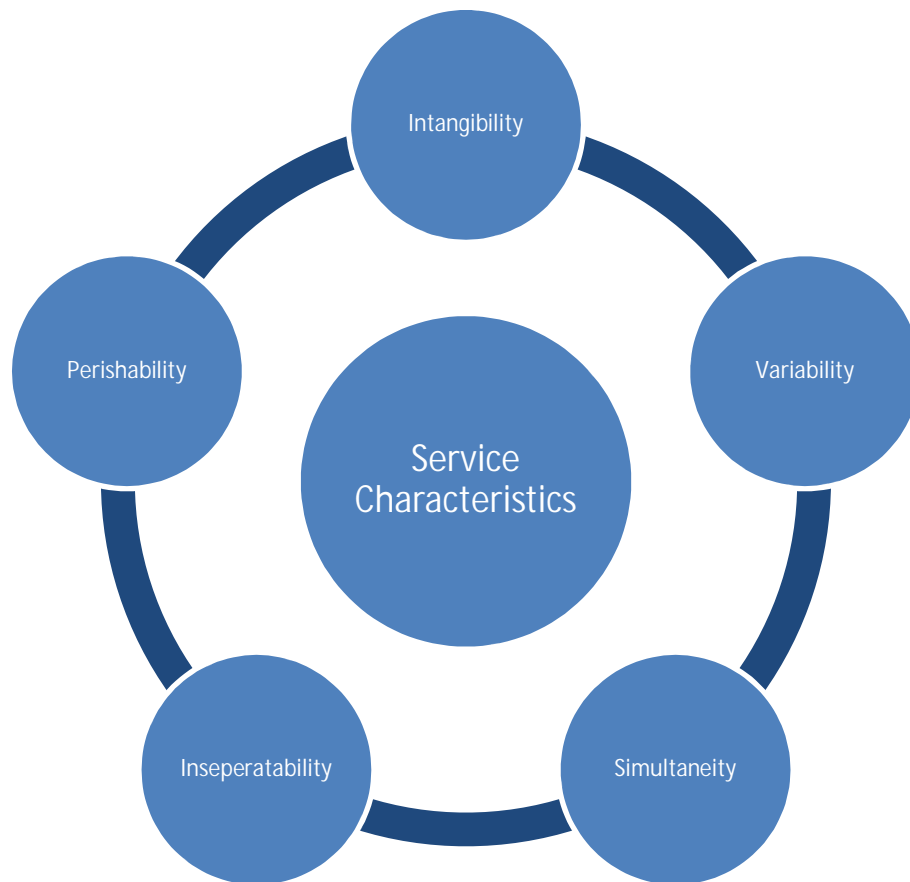
In Sri Lanka, most of the travel agencies are family owned businesses where the owner is the CEO/manager of the top level with an average of the 4 to 5 frontline counter staff and 3 supporting staff for accounting work, visa formalities and messenger duties. The top level are only responsible for marketing, public relations and negotiating with airlines and other principal activities such as hotel arrangement agreements, legal contractual matters etc.

According to the Sri Lankan culture of the travel agencies the cost cutting is done via service quality cutdowns. As a result decreasing profit margins lead to the ultimate loss of the company. So in order to survive in the long run all the travelling agencies should be aware of the service level expectations of the customer which is the ultimate weapon to increase and sustain the market share.

### ***1.2 Why travel agencies should improve their service?***

Importance of improving customer quality level varies with manufacturing industry. Normally, the service sector organizations face lot of problems such as Intangibility, Inventory (Perishability), Inseparability, Inconsistency (Variability), Involvement etc.

***Figure 01: Service characteristics***



Source : Service Quality Research Perspectives by [Benjamin Schneider](#) page 201.

In order to survive in the long run with the increasing competition travel agencies like any other service company needs to concern on customer perception towards the service quality level. In line with increasing competition, travelling agencies like any other service companies consider service quality as a critical factor enabling them to achieve a differential advantage over their competitors (Johnson et al,1999:314).

Other than protecting the company goodwill sustained improved service levels enables companies to reap many benefits mainly as customer satisfaction and loyalty. Other than these, Motivated employees, Lower staff turnover, Attracting new customers which leads to higher market share, more productivity due to low number of defects /mistakes and customer complains that leads to higher profitability.

As mentioned in the beginning in order to survive in a labor intensive industry such as travel agency business varies due to service levels been rendered by the each person. Other than the challenge of maintaining the customer relationship another challenge involved in is the growing technological advancement such as internet e-marketing/e-Booking involvement that acts sometimes as a substitute for the entire travel agency business. So in order to survive in the long run service quality level concerns becomes vital.

### ***1.3 Reasons for researching in this area***

In most of the times the researching on customers in the business process can be seen as a vital and there has always been the need for customer research before, during and after sales, because of changes that may occur in the business process. The idea for the research was formulated based on a customer complain and conflict situation occurred in the HR department which I worked as a trainee. So after listening to that customer complain I realized that the customer experienced quality levels during the journey taken by the company is not in a better position. So I wanted to measure the quality levels of the company by taking measureable variables.

Accordingly, to the below mentioned authors “an organization that consistently satisfies its customers, enjoy higher retention levels and greater profitability due to increase customer loyalty” (Wicks & Roethlein, 2009, p.83). So companies works hard daily to win the hearts of customers through fulfilling their needs accordingly thus they become loyal customers to their brands in order to increase sales and profit.

When customers have good perceptions about a brand, they will always choose to go for the brand, because consumers form their preferences relative to perceptions and attitudes about the brands competing in their minds. (Larreche, 1998, p. 152).

It is a hard task to get the exact loyal customers because for that purpose companies must create and maintain a good relationship with the customers, thus this good customer supplier relationship begins with the quality of the service. In order to do this companies need to conduct research to answer questions on how the customers make their purchasing decision and whether they are pleased with what the organization provides to them as offer in terms of product quality, service quality, price, etc. Companies should perform better than the competitors of the same industry, and should be aware on the consumption habit changes, thus by conducting a research organizations find answers to the questions above so as to lead the organizations to achieve their twin objective of satisfying their customers and making profits through becoming aware on quality level of the service been provided.

Although there are other factors such as price, product quality etc other than service quality that determine customer satisfaction or the service level (Wilson et al. 2008, p. 78-79) my interest on service quality level alone for this study is because service quality level improvement has been proven to be the best determinant of customer satisfaction when it come to service sectors. Also, providing better service with better quality is one of the main targets when it comes to management with respect of customer service in the business environment of today, meaning it is a must.

## ***1.4 Background of the company***

### **❖ *Company Description***

The Shanthi Travels (Pvt) Ltd company was founded in year 2000. It is a private limited company operating in the travel business industry. The owner or the director is **Mr. Sumith Palihawadana**. The company consists of around 20-25 staff members. It has 3 branches island wide at *Matale, Matara, and Bandarawella*. It is a travel agency which renders local and foreign tour packages. Local tour packages includes tours for up country, east, west province including hotel accommodation, transportation facilities, food and beverage, medical facilities, tour guidance also an accident insurance worth of Rs.200,000 for foreign tours of both luxury and semi luxury types.(not applicable for the seasonal local tours). Local tours are mainly in the months of January, April, August, and December focusing on most of the school and functional holidays. Foreign tours are for countries like Thailand, Myanmar, Singapore, Europe, Malaysia China Indonesia, Dubai, and there is a special Pilgrimage trip for India and Nepal. These tours are of 2 types as luxury and semi luxury. This research is conducted taking the January month population of 152 foreign tour participants as the population.

Customer needs to do the full payment and has to reserve their seats and all the other responsibilities and facilities are been provided by the company from start of the journey to the end of the journey. These facilities includes food and beverage, reserving ticket and visa, medical facilities, guidance (proper direction guidance),accommodation and transport facilities and also an accident insurance worth of Rs.200,000.( Shanthi (Pvt) Ltd Annual Report, 2012).

### **❖ *Product and Purpose***

This company is a service oriented company. The ultimate product of the company is the tour package been rendered during the journey from start to the end of the destination.

The ultimate purpose of the company is to render a high quality service with a maximum customer satisfaction by minimizing the number of customer complaints during the journey. (Shanthi (Pvt) Ltd, 2012).

### ❖ *Performance*

When analyzing the 3 years company performance, in 2012 it was been an active customer relationship agent, as its gross profit growth has increased by 5% and turnover increased by 50 % due to the company annual reports and financial statements of year 2010,2011,2012. It was a great achievement for the company for the last 5 years. (Shanthi (Pvt) Ltd Annual Report, 2012).

In year 2003, the company started a special pilgrimage tour for India mainly for the pilgrims in island wide. This tour has main features such as visiting the Buddhist pilgrimage destinations, and a special “Sil Campaign near the most precious placed such as Baranasa, Lumbiniya,Kusinaara”. Mainly in the “Katina season” the pilgrims who use to travel to India are high and the company has specially arranged programmes for those pilgrims.

However, the performance in financial. Operational and strategic aspects been changed due to resource constraints of the company. As an example in tours due to money constraints and budget overruns, certain amount of cost cuttings such as limiting the places been taken to visit, limiting the number of people in a group been done.

### ❖ *Issues and Impact on the performance.*

The **main issues** (general issues of the company) in operating the company operations are the limitations in resources such as human resource (staff members), financial resources and time constraints. Another issue is that company incurred a large cost for formal training programmes for the staff members. The lack of multi skilled labor's is a real time issue for the company. Lack of expertise knowledge in planning the strategic and operational related managerial activities such as delay predictions, tour destination time management, waiting time predictions, budgetary/cost predictions and cost cuttings etc. Another issue is that company do not have a proper customer relationship management system where customer conflicts handling is not been done using a separate expertise people.

Unavoidable changes like accidents occur during the tour, governmental policy changes, economical changes, risk management (tourist threats) are another set of challenges that the company faces regularly. Some of the operational and managerial level issues like lack of training, experience, lack of senior management consultancy etc can also be considered under general issues.

***Impact on the performance*** of those issues in company are of wide aspect. Due to company planned variances and policy's delivery delays, high waiting time, high number of customer complaints and customer dissatisfaction arises. This may cause the company annual tour reduction where the regular customers will not be participated where the company profits and company goodwill can be reduced. Customer centricity is no longer a company's choice but in truth, is a prerequisite for a company's success. This is a factor that functions as a main idea in interest to conduct research about the topic.

### ***1.5 Rationale for choosing this topic***

In Sri Lanka a travel agency which renders the package tours to customers, face with a rigorous competition nowadays. So in order to survive in the long run, business should not only focus on its profit levels but also the service quality which leads the regular customers to be with it and new customers to attract.

In Sri Lanka travel agents handle nearly 80% of all travel arrangements including air travel, in particular these arrangements that have become extremely complex in recent years consequently with the introduction of yield management, the vast majority of air travelers rely on the travel agent for professional and objective advice. Most airlines now have different booking classes, each one at different fare levels, with different validity for maximum and minimum stay (Official Airline Guide, June 2002).

In Sri Lanka many managers in travel agencies seem to have only an intuitive understanding of the expected customer service quality. As an example, how often the customer complains after



the tour occurs? Due to managerial terms this can be translated into how do you design a service process to deliver effectively consistent performance? In most cases there are very few formal standards and procedures to measure performance of the organization.

In some instances cost cutting been done using cutting the quality of the service by reducing the best accommodation facilities where the food and beverage and sanitary facilities been reduced making a low quality service as the final outcome. Travel agency business is a labour intensive business where added value is provided by the person providing the service. In a travel agency's perspective it is the agency itself who renders the quality. So this can be increased by training programmes and workshops which is a possibility where travel agents do not still aware of.

Therefore, for the evaluating purpose of the service been rendered by the agency assessing the customer perception via their feedback is done as it affects the overall service quality level of the company been rendered. So if there are significant differences it is important to measure the impact and to make changes accordingly.

Accordingly, to the below mentioned authors “an organization that consistently satisfies its customers, enjoy higher retention levels and greater profitability due to increase customer loyalty” (Wicks & Roethlein, 2009, p.83). So companies works hard daily to win the hearts of customers through fulfilling their needs accordingly thus they become loyal customers to their brands in order to increase sales and profit.

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whether they are pleased with what the organization provides to them as offer in terms of product quality, service quality, price, etc.

Companies should perform better than the competitors of the same industry, and should be aware on the consumption habit changes thus by conducting a research, organizations find answers to the questions above so as to lead the organizations to achieve their twin objective of satisfying their customers and making profits through becoming aware on service quality .

Although there are other factors such as price, product quality etc other than service quality that determine customer satisfaction or the service level (Wilson et al. 2008, p. 78-79) my interest on service quality level alone for this study is because service quality level improvement has been proven to be the best determinant of customer satisfaction when it come to service sectors. Also, providing better service with better quality is one of the main targets when it comes to management with respect of customer service in the business environment of today, meaning it is a must.

## ***1.6 Problem Identification***

***“The significant difference between the service quality and customer satisfaction in the travel agency Shanthi Travels (Pvt) Ltd.”***

Customer perception related researchers have provided possible means of measuring customer expectation (Levy, 2009; NBRI, 2009). Meanwhile other authors like Wilson et al. (2008) demonstrated some determinants of customer expectation to be product and service quality, price, personal and situational factors (Wilson et al., 2008, p. 79-80). Thus some researchers have looked into the relationship between total service quality level management and customer satisfaction. (Wen-Yi, et al., 2009, p.957-975). Because customer satisfaction is also based upon the level of quality provided by the service provider (Lee et al., 2000, p. 226) and service quality level acts as a determinant of customer satisfaction (Wilson et al., 2008, page 79-80).

Customer perception especially its relationship with service quality level improvement is an important research field in business, economics and management. The statistics also shows that little research has been conducted on relationship between customer expectations and service quality level alone, and very little research on the relationship between customer expectations and service quality level with service quality dimensions. Thus this indicates that there is a need for more research in this area. (Search on Web of science, 02, 09, and 2011).

For Shanthi Travels (Pvt) Ltd, it is a must to assess the company quality level offered throughout the service levels by assessing the customer feedback after a passenger has arrived from a tour taken by the company. In doing so the company can now improve their process and improve the service levels which helps the company to maximize their profit levels. Reasons for doing so especially to the company is that; “The errors in the tour package (low quality facilities been provided by the company) leads to customer dissatisfaction. *“customer dissatisfaction affects directly to the good customer agent relationship which is a must for the company to exist in the long run as it effects the goodwill of the company resulting in financial loss or decrease in profits.”* Due to the above mentioned Problem formulation the research been selected on the specified area.

### ***1.7 Research question***

Due to the issues such as; understanding different customer view points and needs, Customer conflicts handling, The changes happened in the tour plan when implementing, financial and non financial resource constraints, unavoidable situations like policy changes, political changes, accidents, the research questions been prepared as below;

- What are the factors affecting service quality?
- What are the main factors contributing to the level of customer dissatisfaction?
- How to improve the customer service quality level using customer feedback?

In answering the above questions, I aimed at contributing to the study of the relationship between customer perception and service quality improvement whereby I will be able to confirm if actually customer expectations is related to the improvement of the service level of the company.

### ***1.8 Hypothesis***

Hypothesis can be considered as a testable statement that appears to be true. When a proposition is formulated for empirical testing it is a hypothesis.

**H1-** There is a strong correlation between the quality level of facilities provided by the company and customer dissatisfaction.

**H2-** There is a strong correlation between customer feedback and improvement of customer service quality level of the company.

**H3-** There is a strong relationship between the staff members who providing the service and customer satisfaction

### ***1.9 Aim***

The aim is to analyze the current customer expectations to improve the service quality level of the company.

### ***1.10 Research objectives***

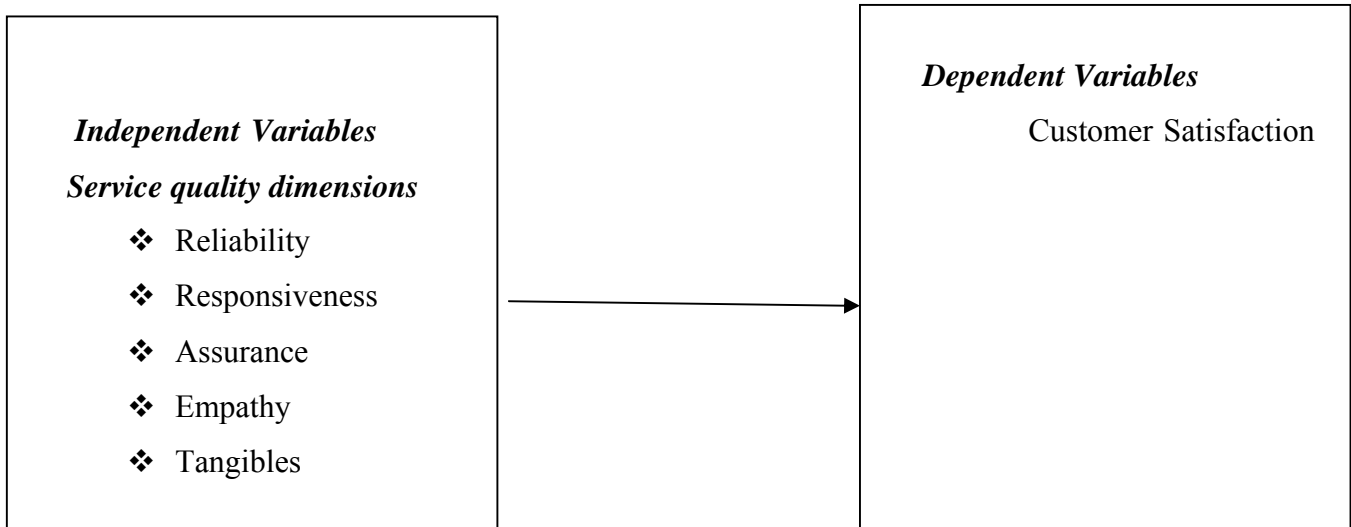
This research examines 4 different factors on improving quality level of the company.

- To identify the experienced customer service quality levels
- To maintain the company goodwill by good customer – agency relationship
- To identify the company mistakes leading to poor quality service (company unseen areas)

### ***1.11 Basic variables***

According to the selected basic variables as independent and dependent the research comprises in a basic conceptual framework. Independent variables are reliability, responsiveness, assurance, empathy, tangibles. Dependent variables is the customer satisfaction which change accordingly with independent variables.

### ***1.12 Conceptual framework***



### ***1.13 Concepts and theories***

The theory's applied or used in this thesis are SERVQUAL model by Parasuraman et al (1988), which are the service quality dimensions as described above in the conceptual framework. The flower of service framework by Christopher Lovelock, the service triangle model developed by Christian Grongros (1990).

### ***1.14 Limitations***

- The data been collected from a small number of customers compared (monthly portion) from the population due to convenience
- Time constraints
- Cost constraints
- The accessing problems to the company internal data bases (privacy issues).

### ***1.15 Layout of the research report***

The dissertation consists of five chapters

**Chapter 01** - Outlines the scope of the thesis by giving information of the areas of travel agency industry, rationale, problem statement, research objectives, conceptual framework, theories and concepts been used.

**Chapter 02**- Literature review been done using articles,books,research reports/papers regarding the travel industry, thus also examines the past works and analysis conducted by various researchers performed in areas like travelling during crisis and risk, travel distance, travel expenditures, intentions to travel, travel behavior, influences on attributes and purchases preference including customers expected quality level of service for satisfaction, and identification of service quality levels for better customer feedback .

**Chapter 03**- Methodology of the research in here is theoretical concepts mentioned under literature reviews, questionnaires, observations, open interviews, and the respondents are the passengers and data been analyzed using statistical models.

**Chapter 04** - Comprises a set of data analysis and findings. Data analysis is done using the questionnaire feedback database and accordingly the findings are been formed. So the research findings of this work shows different areas to be improved in the company for better service levels with improved customer satisfaction levels via taking into consideration the aspect of quality.

**Chapter 05** - Points towards various references that are cited in this thesis. At the end of the thesis document, a set of appendices are included that contain the questionnaires of the survey forms used to collect primary data for this work and open interview questions been asked. The copy of service letter obtained from the company is also attached for further reference.

***Action Plan –Gantt chart (Using Microsoft Project Professional 2007)***



## **Chapter 02**

### **Literature Review**

#### ***2.1 Introduction***

This chapter will explain the definitions and characteristics of “service” as well as “quality” which vary to manufacturing organizations and service organizations. Organizational issues such as service production system and service quality management are examined by referring to the literature of related sources. Finally, the various models of “service quality” and the “customer satisfaction vs. service quality” been discussed that eventually lead to the formulation of hypothesis. Furthermore, the customer experiences vs. perceptions are been analyzed.

#### ***2.2 Definition and Characteristics of Service***

##### ***2.2.1 Service Definition.***

In economics, a service is an intangible commodity. That is, services are an example of intangible economic goods. Service provision is often an economic activity where the buyer does not generally, except by exclusive contract, obtain exclusive ownership of the things purchased. The benefits of such a service, if priced, are held to be self-evident in the buyer's willingness to pay for it. Public services are those societies (nation state, fiscal union, and regional) as a whole pays for through taxes and other means.

By composing and orchestrating the appropriate level of resources, skill, ingenuity, and experience for effecting specific benefits for service consumers, service providers participate in an economy without the restrictions of carrying inventory (stock) or the need to concern themselves with bulky raw materials.

On the other hand, their investment in expertise does require consistent service marketing and upgrading in the face of competition. For further analysis of the concept of quality in services, it is always essential to start by defining what a “service” is, and its characteristics. Kotler (1998) defines a service as, “any act or performance that any one party can offer to another that is essentially intangible and does not result in ownership of anything. Its production may or may not be tied to a physical product”.

Accordingly, due to the above definition when customers make a purchase, they are not simply buying a service where they are purchasing a bundle of expected benefits to meet their needs and expectations. Thus known as the concept of the service. This concept is not a physical bit and pieces that the customers buy, rather it is the way that the customers, organizations perceive the benefits of the service. (Slack et al, 2001:118)

There are various definitions presented by the various associations on the subject of “service”. “The American marketing association (1960)” has defined the service as “activities, benefits or satisfaction which are offered for sale or provided in connection with the sale of goods.” (Service Marketing. K Rama Mohoma Rao p.g.5). Thus service defined here in very brief with limited views.

William J. Stanton (1974) pg 6, defined services as “separately, identifiable, intangible, activities which provide want satisfaction when marketed to consumers and /or industrial users and which are not necessarily tied to the sale of a product or another service.” At the same time he mentioned some other attributes of service such as service is provided by a particular individual. It is a set of activities hard to pin down, and do not attach to sales of neither good nor service. So it is explicit that service is unique, neither it can be copied, nor provide the service indistinguishably at another time. So as mentioned in the earlier chapter the characteristics of service can be taken here. (Figure 1.1)

The distinction among the tangible goods and services is verified by a marketing specialist named, Theodore Levitt (1974), “in every tangible pure physical product an intangible service component is associated”, the connection between tangible goods and services are linked.

### ***2.2.2. Differences between Manufacturing and Service organizations***

Difference between manufacturing and service organizations consists a large scale of variation aspects. Although manufacturing and service organizations both display the same input-to – output transformation process, a fundamental output characteristics distinguishes manufacturing organizations from most service organizations.

The output of manufacturing will always be a physical product (something that can be touched,measured,weighed,or other wise examined).For example IBM makes computers, General motors' makes automobiles, RCA makes audio and video equipment, and Nike makes athletic apparel. Outputs of service organizations often lack physical properties. For example,H&R Block processes income tax returns, hospitals treat sick people, and college delivery of lectures. Sometimes the outputs of service organizations do possess physical properties. (Stephen Goodman, Management:changes for tomorrow's leaders,436).

So, manufacturing and service organizations differ mainly as manufacturing is goods oriented where as service is act oriented. (Stevenson 1999:13)

Characteristics	Goods	Services
Output	Tangible	In tangible
Customer contact	Low	High
Uniformity of input	High	Low
Labor content	Low	High
Measurement of productivity	Easy	Difficult
Quality assurance	High	Low
Uniformity of output	High	Low

*Table 2.1: Comaprison of goods and services*

Quality is important to be corrected at the point of creation for services than for manufacturing, where errors can be corrected before the customer receives the output.

### Goods

The key difference between service firms and manufacturers is the tangibility of their output. The output of a service firm, such as consultancy, training or maintenance, for example, is intangible. Manufacturers produce physical goods that customers can see and touch.

### Inventory

Service firms, unlike manufacturers, do not hold inventory; they create a service when a client requires it. Manufacturers produce goods for stock, with inventory levels aligned to forecasts of market demand. Some manufacturers maintain minimum stock levels, relying on the accuracy of demand forecasts and their production capacity to meet demand on a just-in-time basis. Inventory also represents a cost for a manufacturing organization.

### Customers

Service firms do not produce a service unless a customer requires it, although they design and develop the scope and content of services in advance of any orders. Service firms generally produce a service tailored to customers' needs, such as 12 hours of consultancy, plus 14 hours of design and 10 hours of installation.

## Labor

A service firm recruits people with specific knowledge and skills in the service disciplines that it offers. Service delivery is labor intensive and cannot be easily automated, although knowledge management systems enable a degree of knowledge capture and sharing. Manufacturers can automate many of their production processes to reduce their labor requirements, although some manufacturing organizations are labor intensive, particularly in countries where labor costs are low.

## Location

Service firms do not require a physical production site. The people creating and delivering the service can be located anywhere. For example, global firms such as consultants Deloitte use communication networks to access the most appropriate service skills and knowledge from offices around the world. Manufacturers must have a physical location for their production and stock holding operations. Production does not necessarily take place on the manufacturer's own site; it can take place at any point in the supply chain.

In order to identify any organization as manufacturing or service rendering the below facts are a must;

- Does the firm provide a tangible, physical output?
- Can the output be stored in inventory for future consumption?
- Can the output be transported to distant locations
- Can excess capacity be used when there is no immediate demand?
- Can the output be produced well in advance of its consumption?
- Can the system operate without having the consumer of the output as an active participant?
- Is productivity and quality relatively easy to measure?

### **2.2.3 Characteristics**

Services can be paraphrased in terms of their generic key characteristics. (Doyle 1994) and Stevenson (1999).

#### **1. Intangibility**

Services are intangible and insubstantial: they cannot be touched, gripped, handled, looked at, smelled, and tasted. Thus, there is neither potential nor need for transport, storage or stocking of services. Furthermore, a service can be (re) sold or owned by somebody, but it cannot be turned over from the service provider to the service consumer. Solely, the service delivery can be commissioned to a service provider who must generate and render the service at the distinct request of an authorized service consumer.

#### **2. Perish ability**

Services are perishable in two regards

- The service relevant resources, processes and systems are assigned for service delivery during a definite period in time. If the designated or scheduled service consumer does not request and consume the service during this period, the service cannot be performed for him. From the perspective of the service provider, this is a lost business opportunity as he cannot charge any service delivery; potentially, he can assign the resources, processes and systems to another service consumer who requests a service. Examples: The hair dresser serves another client when the scheduled starting time or time slot is over. An empty seat on a plane never can be utilized and charged after departure.
- When the service has been completely rendered to the requesting service consumer, this particular service irreversibly vanishes as it has been consumed by the service consumer. Example: the passenger has been transported to the destination and cannot be transported again to this location at this point in time.

### 3. Inseparability

The service provider is indispensable for service delivery as he must promptly generate and render the service to the requesting service consumer. In many cases the service delivery is executed automatically but the service provider must preparatory assign resources and systems and actively keep up appropriate service delivery readiness and capabilities. Additionally, the service consumer is inseparable from service delivery because he is involved in it from requesting it up to consuming the rendered benefits.

### 4. Simultaneity

Services are some kind of horse and consumed during the same period of time. As soon as the service consumer has requested the service (delivery), the particular service must be generated from scratch without any delay and friction and the service consumer instantaneously consumes the rendered benefits for executing his upcoming activity or task.

### 5. Variability

Each service is unique. It is one-time generated, rendered and consumed and can never be exactly repeated as the point in time, location, circumstances, conditions, current configurations and/or assigned resources are different for the next delivery, even if the same service consumer requests the same service. Many services are regarded as heterogeneous or lacking homogeneity and are typically modified for each service consumer or each new situation (consumerised).

For many services there is labor intensity as services usually involve considerable human activity, rather than a precisely determined process; exceptions include utilities. Human resource management is important. The human factor is often the key success factor in service economies.

It is difficult to achieve economies of scale or gain dominant market share. There are demand fluctuations and it can be difficult to forecast demand. Demand can vary by season, time of day, business cycle, etc. There is consumer involvement as most service provision requires a high degree of interaction between service consumer and service provider.

#### ***2.2.4 Service design trends***

The designing of services has increased over the last years emphasizing on a number of aspects of design. Such as, increased effort on customer satisfaction and increased pressure to be competitive. Total quality management programs, which focuses the customer satisfaction is a contributory factor and stands as an example for this fact.

It also reduces the emphasis on reducing the time needed to introduce a new service, and to provide a service. Reduced production time usually results in lower cost and higher quality. As well as increased emphasis on designing services that is user – friendly.

Today, improved service keeps the company ahead of competitors that ultimately result in profit and share increase of the market and the mirror image of positive goodwill of the customers. (Stevenson 1999:152)

### ***2.3 Definition and characteristics of quality***

#### ***2.3.1 Definition of quality***

Service quality is a concept developed a considerable interest and debate in the research literature due to difficulties in defining and measuring it with no overall consensus emerging on either. (Wisniewski, 2001). As there are various definition on this a definition that can be seen and heard frequently (Lowis and Mitchell 1990) Detchin and Oakland 1994s; Asubonteng et al 1996; Wisniewski and Donnelly, 1996) which describes the extent to which a service meets customers ‘needs or expectations ;’ the difference between customer expectations of service and perceived service ,if expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs” (Parasuraman et al 1985; Lewis and Mitchell, 1990).



According to Gefan (2002), quality is “the subjective comparison that customers make between the quality of the service that they want to receive and what they actually get”, also “The difference between customers expectations for service performance proper to the service encounter and their perceptions of the service rendered.”

Therefore, after reconciling some of the different above approaches to quality, quality can be define as consistent conformance to customer expectations.(the word “conformance” reflects that there is a need to meet a clear specification as due to manufacturing approach ensuring a product or service conforms to specification is a key operation task. Consistent “ implies that conformance to specification is not an adhoc event but that the materials, facilities and process have been designed and then controlled to ensure that the product or service meets the specification using a set of measurable product or service characteristics. The use of customer expectations combines user and value based approaches. It defines the product and service must meet the expectations of the customers which may indeed influenced by price. Thus there is no universally accepted definition for service quality.

### ***2.3.2 Dimensions of quality***

The term quality used in various ways. It sometimes act as a grade of a product and other times it refers to materials, workmanships or special features such as “waterproof ”or “subtle aroma”. In price aspect it acts as cheap or expensive. The whole idea behind this is that the customers value certain aspects of a product or service, and therefore associate those aspects with the quality that they perceive a product or service has. It is obvious that according to the customer view point quality does not pertain to a single aspect of a product.

In general dimensions of a quality include:

Performance –main characteristics of the product of service

Aesthetics – appearance, feel, smell, taste

Special features – extra characteristics

Conformance-how well a product or service corresponds to the customer expectations

Safety-risk of injury or harm

Reliability-consistency of performance

Durability – the useful life of the product or service

Perceived quality- indirect evaluation of quality

After sale service- handling of complains or checking on customer satisfaction

Slack et al (2001:562) termed these dimensions as quality characteristics and illustrated by below table using a car as a product and air journey as a service. Quality chrachteristics for a motor car and an air journmey.

Quality chrachteristics	Car	Air journmey
Functionality	Speed,acceleration,fuel consumption,ride,quality,road holding,etc	Safety and duration of journey onboard meals and drinks,car and hotel booking services
Apperance	Aethethtic shape ,finish,door gaps etc	Décor and cleanliness of aircraft lounges and crew
Reliability	Mean time toi failure	Keeping to the publihed flight times
Durability	Useful life (with repair)	Keeping up with trends in the industry
Recovery	Ease of repair	Resolution of service failures
Contasct	Knowledge and coutasy of salkes staff	Knowledge and coutasy and sensitivitv of air line staff

Table 2.2 :Quality characteristics

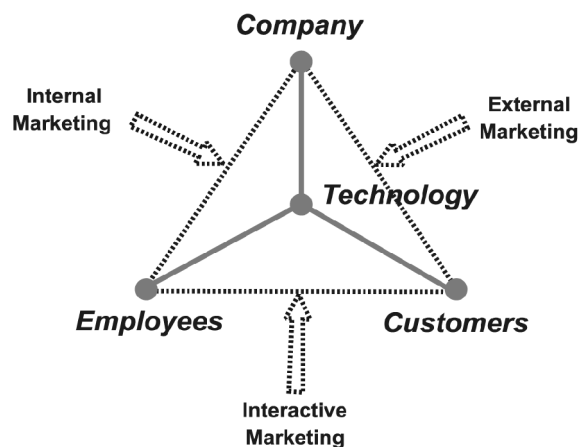
When discussing each quality characteristics mentioned above functionality means the how well the product or service does its job.this includes the performance,features,appearance means the aesthetic appeal.relaibility is the consistency of the product or service performance overtime. Durability means the total useful life of the product or service.Recovery means the easyness to resolve problems of the product or service.Contact means in a service view point the characteristics of the person who involved in providing the service such as sensitivity, courtasy, empathy and knowledge etc.

## 2.4 Models of service quality

### 2.4.1 The service triangle

The service triangle model was developed by the Christian Gronross (1990). It was a famous model and also called as the service marketing model. Christian Gronross (1990) divided the model by 3 main groups which, run separately but assembles well to achieve organization's targets. These 3 groups are the most important in organizational context as either these three are separate without either one of them organization cannot operate successfully. When considering those three groups company (top management), employees, customers can be taken. The below diagram shows the services marketing model.

Figure 2.1



Source: Services Marketing by K. Rama Mohana Rao, Services marketing model Fig 3.4 p.g.59

This model explains the three marketing programmes. Internal marketing (Between company and employees), External marketing (Between company and customers) and interactive marketing (between employees and customers).

#### ***2.4.2 The Molecular model***

Lynn Shostack developed a molecular model to help marketers visualise and manage 'total market entity'. The molecular model is another useful tool for expanding the understanding of the basic differences between goods or services. Her model can be applied to either goods or services. Molecular model is a pictorial representation of the relationship between the tangible and intangible elements of a firm's operation.

One of the primary benefits obtained from developing this model is that it is a management tool that offers the opportunity to visualize the firm's entire bundle of benefits that a product offers customers. Figure 2.2 shows two molecular models which continue the early discussion concerning the differences among automobile ownership (tangible dominant) and purchasing an airline ticket (intangible dominant).

As previously discussed, airlines differ from automobiles in that consumers typically do not physically possess the airline. Consumers in this case purchase the core benefit of transportation and all the corresponding tangible (denoted by solid-line circles) and intangible benefits (denoted by dashed line circles) that are associated with flying. In contrast, a consumer who purchases an automobile primarily benefits by the ownership of a physical possession that endows a service transportation.

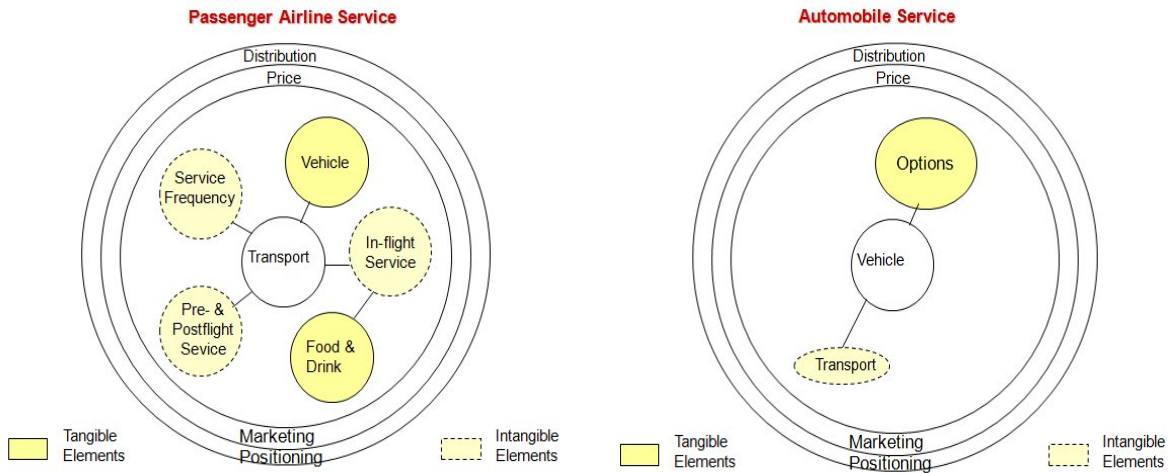


Figure 2.2

Source Adopted from G.Lynn Showstock “Breaking free from Product Markeing , “The journal of Marketing” , April 1977 pg 76.

The diagram shows in the above figure are over simplifications of the bundle of benefits that ultimately comprises the airline experience and the car ownership. From, a managerial perspective, an eloboration of these models would identify the tangible and intangible components of products that need to be effectively managed.As an example the successful airline experience is not just determind by the safe arrival of passengrs to their selected destinations.The airline molecular model could easily be expanded to include:

- long term and short term parking (intangible elemnet)
- Shuttle seivces (intangible elemnet)
- Rental car availability (intangible elemnet)
- Flight attendents (intangible elemnet)
- Gate attendents (intangible elemnet)
- Baggage handlers (tangible elemnet)

Similarly the auto mobile model could be expanded to include:

- Salespersons on the showroom floor (tangible elemnet)
- Financing arrangements (in tangible elemnet)
- Finance manager (tangible elemnet)
- Maintainance and repair services (intangible element)
- Mechanics and service representatives (tangible element)

The overriding benefit obtained by developing molecular models is the appreciation for the intangible and tangible elements that comprises most products. Once managers understand this broadened view of their products they can do a much better job of understanding customer needs, servicing those needs more effectively, and differentiating their product offering from competitors. The molecular model also demonstrates that consumer's service: "knowledge and goods "knowledge" is obtained by focusing in on the physical aspects of the product itself. In contrast, consumers evaluate intangible dominant products based on the experience that surrounds the core-benefit of the product. Hence, understanding the importance and components of the service experience is critical.

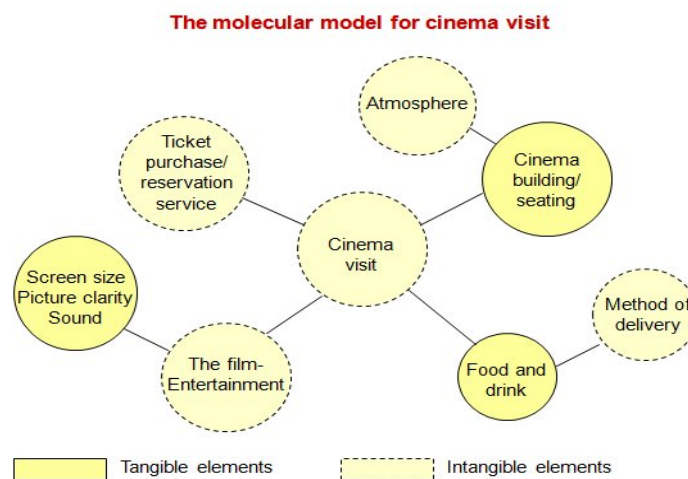


Figure 2.3

Source Adopted from G.Lynn Showstock "Breaking free from Product Markeing "The journal of Marketing",April 1977 pg 77.

The molecular model for cinema visit is oversimplification of the bundle of benefits that ultimately comprise the cinema experience. The successful cinema experience is determined not just by the viewing of an entertaining film and the molecular model could easily be expanded to include:

- cinema accessibility/parking
- other people in the audience
- service from users
- seat comfort and position
- toilet facilities

The overriding benefit obtained by developing molecular models is an appreciation for the intangible and tangible elements that comprise most products. It enables managers to understand customer needs, service those needs more effectively and differentiate their product-offering from competitors.

### ***2.4.3 SERVQUAL model***

Service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either (Wisniewski, 2001). There are a number of different "definitions" as to what is meant by service quality. One that is commonly used defines service quality as the extent to which a service meets customer's needs or expectations (Lewis and Mitchell, 1990; Dotchin and Oakland, 1994a; Asubonteng *et al*, 1996; Wisniewski and Donnelly, 1996). Service quality can thus be defined as the difference between customer expectations of service and perceived service. If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs (Parasuraman *et al* ., 1985; Lewis and Mitchell, 1990).

Always there exists an important question: why should service quality be measured? Measurement allows for comparison before and after changes, for the location of quality related problems and for the establishment of clear standards for service delivery. Edwards *et al.* (1994) state that, in their experience, the starting point in developing quality in services is analysis and measurement. The SERVQUAL approach, which is studied in this paper, is the most common method for measuring service quality. (Dr. Arash Shahin Department of Management, University of Isfahan, Iran “A Framework for Determining and Prioritizing Critical Factors in Delivering Quality Services”).

### ***Model of Service Quality Gaps***

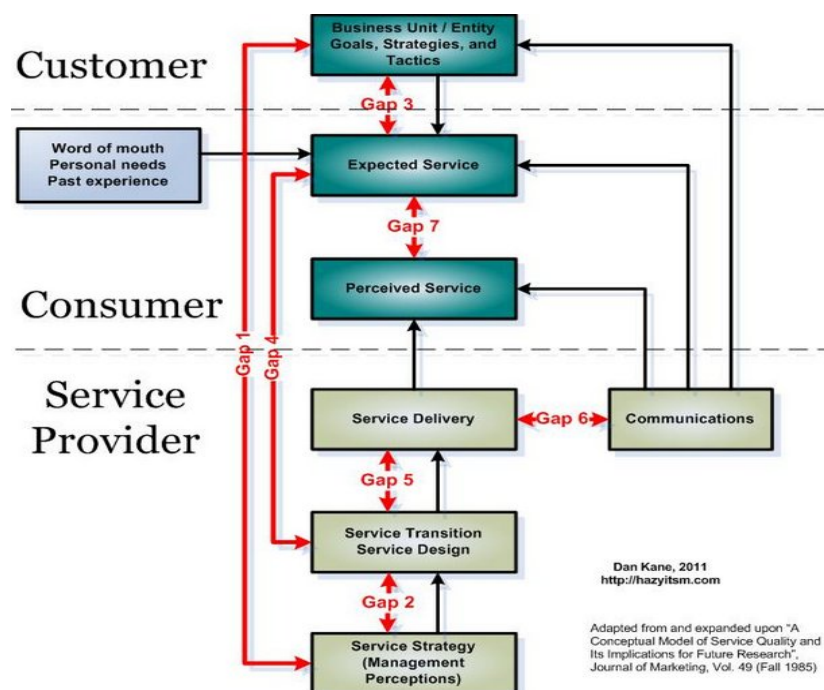
There are seven major gaps in the service quality concept, which are shown in Figure 2.4. The model is an extension of Parasuraman *et al.* (1985). According to the following explanation (ASI Quality Systems, 1992; Curry, 1999; Luk and Layton, 2002), the three important gaps, which are more associated with the external customers, are Gap1, Gap5 and Gap6; since they have a direct relationship with customers.

- Gap 1: Customers expectations versus management perceptions: as a result of the lack of a marketing research orientation, inadequate upward communication and too many layers of management.
- Gap 2: Management perceptions versus service specifications: as a result of inadequate commitment to service quality, a perception of unfeasibility, inadequate task standardization and an absence of goal setting.
- Gap 3: Service specifications versus service delivery: as a result of role ambiguity and conflict, poor employee-job fit and poor technology-job fit, inappropriate supervisory control systems, lack of perceived control and lack of teamwork.



- Gap 4: Service delivery versus external communication: as a result of inadequate horizontal communications and propensity to over-promise.
- Gap 5: The discrepancy between customer expectations and their perceptions of the service delivered: as a result of the influences exerted from the customer side and the shortfalls (gaps) on the part of the service provider. In this case, customer expectations are influenced by the extent of personal needs, word of mouth recommendation and past service experiences.
- Gap 6: The discrepancy between customer expectations and employees perceptions: as a result of the differences in the understanding of customer expectations by front-line service providers.
- Gap7: The discrepancy between employee's perceptions and management perceptions: as a result of the differences in the understanding of customer expectations between managers and service providers.

Figure 2.4



Source: Model of service quality gaps (Parasuraman et al,1985; Curry, Luk & Layton,2002)

According to Brown and Bond (1995), "the gap model is one of the best received and most heuristically valuable contributions to the services literature". The model identifies seven key discrepancies or gaps relating to managerial perceptions of service quality, and tasks associated with service delivery to customers. The first six gaps (Gap 1, Gap 2, Gap 3, Gap 4, Gap 6 and Gap 7) are identified as functions of the way in which service is delivered, whereas Gap 5 pertains to the customer and as such is considered to be the true measure of service quality. The Gap on which the SERVQUAL methodology has influence is Gap 5. In the following, the SERVQUAL approach is demonstrated.

### ***SERVQUAL methodology***

Clearly, from a Best Value perspective the measurement of service quality in the service sector should take into account customer expectations of service as well as perceptions of service. However, as Robinson (1999) concludes: "It is apparent that there is little consensus of opinion and much disagreement about how to measure service quality". One service quality measurement model that has been extensively applied is the SERVQUAL model developed by Parasuraman *et al.* (1985, 1986, 1988, 1991, 1993, 1994; Zeithaml *et al.* 1990).

SERVQUAL as the most often used approach for measuring service quality has been to compare customers' expectations before a service encounter and their perceptions of the actual service delivered (Gronroos, 1982; Lewis and Booms, 1983; Parasuraman *et al.* 1985). The SERVQUAL instrument has been the predominant method used to measure consumers' perceptions of service quality. It has five generic dimensions or factors and are stated as follows. (van Iwaarden *et al.*, 2003) :

- (1) *Tangibles*. Physical facilities, equipment and appearance of personnel.
- (2) *Reliability*. Ability to perform the promised service dependably and accurately.
- (3) *Responsiveness*. Willingness to help customers and provide prompt service.
- (4) *Assurance* (including competence, courtesy, credibility and security). Knowledge and courtesy of employees and their ability to inspire trust and confidence.
- (5) *Empathy* (including access, communication, understanding the customer). Caring and Individualized attention that the firm provides to its customers.

In the SERVQUAL instrument (Appendix A) measure the performance across these five dimensions, using a five point likert scale measuring both customer experienced service levels. (Gabbie and O'Neill, 1996).

It is important to note that without adequate information on both the quality of services expected and perceptions of services received then feedback from customer surveys can be highly misleading from both a policy and an operational perspective. In the following, the application of SERVQUAL approach is more specified with an example in a catering company.

In an investigation conducted by Bryslan and Curry (2001) in a catering company, a total of 140 questionnaires were distributed to all of the previous year's customers and 52 useable questionnaires were returned, resulting in a 37 per cent response rate. As can be seen from Table below, all questionnaire responses were negative and an overall departmental weighted SERVQUAL score of – 1.6 was recorded, indicating a significant shortfall in meeting customer expectations across all service areas and dimensions. The summary scores for each dimension are shown in Table below, with the weighted average scores per dimension having been totaled to achieve the overall SERVQUAL score. The highest gap scores were for Reliability and Responsiveness; this is real cause for concern and provides a definite starting point for service improvements. As can be seen from the results, the customer expects most from the Reliability dimension of the catering service.

The relatively low importance of tangibles could be attributable to the fact that customers are aware of the financial constraints which are typical in the local authority funding context, and simply do not expect much when it comes to aesthetics; instead, they attach more importance to the delivery aspects of the service. Customers allocated to Assurance the lowest weighting, indicating it to be of least importance to them, yet they expect most from this service dimension. This apparent anomaly is probably due to the fact that customers expect staff to be knowledgeable about the service and therefore they can see no reason for this dimension not to be achieved. It is assumed that for this reason, customers have weighted this dimension lowest.

Table 2.3. SERVQUAL scores for catering services (Bryslan and Curry, 2001)

Dimension	Expectations	Perceptions	Gap scores	Weightings	Weighted Average
Tangibles	5.66	4.26	-1.40	19.8	-0.28
Reliability	6.06	4.36	-1.70	29.6	-0.5
Responsiveness	5.74	4.05	-1.69	19.9	-0.34
Assurance	6.13	4.58	-1.55	15.2	-0.24
Empathy	5.97	4.45	-1.52	15.7	-0.24

Note : Overall average weighted SERVQUAL score = - 1.6

The research on measuring service quality has focused primarily on how to meet or exceed the external customer's expectations, and has viewed service quality as a measure of how the delivered service level matches consumer's expectations. These perspectives can also be applied to the employees of a firm and in this case, other major gaps could be closed in the service quality gaps model (Kang *et al.* , 2002).

The concept of measuring the difference between expectations and perceptions in the form of the SERVQUAL gap score proved very useful for assessing levels of service quality. Parasuraman *et al.*, argue that, with minor modification, SERVQUAL can be adapted to any service organization. They further argue that information on service quality gaps can help managers diagnose where performance improvement can best be targeted. The largest negative gaps, combined with assessment of where expectations are highest, facilitates prioritization of performance improvement. Equally, if gap scores in some aspects of service do turn out to be positive, implying expectations are actually not just being met but exceeded, then this allows managers to review whether they may be "over-supplying" this particular feature of the service and whether there is potential for re-deployment of resources into features which are underperforming.

It seems that in almost all the existing resources, the SERVQUAL approach has been used only for closing Gap 5. However, its application could also be extended to the analysis of other gaps. It is important to note that SERVQUAL is only one of the instruments used in service quality analysis and there are different approaches which might be stronger in closing gaps. SERVQUAL has been extensively criticized on both theoretical and operational grounds (see Buttle, 1996 and Asubonteng *et al.*, 1996), although Asubonteng *et al.* (1996) conclude that: "Until a better but equally simple model emerges, SERVQUAL will predominate as a service quality measure".

It is also evident that SERVQUAL by itself, useful though it may be to a service manager, will not give a complete picture of needs, expectations and perceptions in a service organization context. As Gaster (1995) comments, "because service provision is complex, it is not simply a matter of meeting expressed needs, but of finding out unexpressed needs, setting priorities, allocating resources and publicly justifying and accounting for what has been done". Service organizations are responsible and accountable to citizens and communities as well as to customers and service users. There are wider service organization agendas than simply service quality: improving access to existing services; equity and equality of service provision; providing efficient and effective services within political as well as resource constraints. The definition of service quality therefore takes on a wider meaning and accordingly its measurement becomes both more complex and more difficult.

Besides the discussed weaknesses, a particular advantage of SERVQUAL is that it is a tried and tested instrument which can be used comparatively for benchmarking purposes (Bryson and Curry, 2001). SERVQUAL does, however, benefit from being a statistically valid instrument as a result of extensive field testing and refinement. It therefore escapes the pitfall of being perceived by service users and providers as "something that has been invented off the top of the head" or a questionnaire that has been skewed to elicit certain types of response. As a generic and universally-applicable instrument, SERVQUAL can also be administered on a repeated, regular basis and used for comparative benchmarking purposes. To appreciate more fully the benefits of using SERVQUAL, surveys should be conducted every year.

In order to improve service quality, it is necessary to contact employees regularly and assess their service experiences. Like the external customer, an internal customer too considers categories of service attributes, such as reliability and responsiveness, in judging the quality of the internal service. With the knowledge of the internal service quality dimensions, the service organizations can then judge how well the organization or employees performed on each dimension and managers could identify the weakness in order to make improvements.

Future research should seek to examine the use of SERVQUAL to close other service quality gaps for different types of organizations. Also, an important issue for future research is about the relationship between internal service quality and external customer satisfaction as well as other constructs, such as employee service orientation, and external service quality.

#### ***2.4.4 Measuring service quality.***

For the purpose of offering high level of service quality the company should constantly measure and monitor the quality of service been offered to customers. After identifying the relevant competitive position of the company they can refine service quality standards, design service delivery system to monitor and control service quality and can begin to use remarkable service quality as a competitive advantage over the others in the market place (Collier ,1990)

SERVQUAL model is more important as a performance instrument that developed to measure customers perceptions of service quality and described in detail by Parasuraman et al (1998).

As mentioned above Reliability, Responsiveness, Assurance, Empathy, Tangibles can be taken as measuring variables of quality levels in the company.

## ***2.5 Customer Expectations and Perceptions***

The service quality is depending on two variables named as expected customer service level and the perceived customer service level. Service quality as perceived by a travel agency's customers varies from comparison of what they feel the travel agency should offer them vs. their actual experience of the travel agency currently performing. Service quality as perceived by the staff and management of the travel agency stems from a comparison of what they feel they should offer to their customers and what actually offering.(Zeithaml et al ,1990).

So in order to analyze the research problem in detail point of view it is essential to know the importance of how expectations and perceptions are been formed as well as what mainly influence the two variables named as experienced customer service level and the perceived customer service level.

### ***2.5.1 Customer Expectations***

Customer expectations are in a wide variety of scale, where it getting constantly, more sophisticated,increasing,especially now with the emergence of globalization and its powerful influence and competition.(Clegg.2000).Customer expectations can also be defined as customer's partial benefit about a product (Mc Kinney ,Yoon and Zaahedi 2002). Expectations are desires and wants of customers which means what they feel a service product should provide these are formed in a basis of past experience with the firm and its competitors and marketing mix inputs. Expectations are more specifically related to the components of the marketing mix which may be extended in the services sector to include physical evidence, process and people.(Booms and Bitner ,1981).The physical evidence mentioned above depicts facilitating goods and tangible clues which are vital to the service been bought. These also have a considerable affect on the service quality expectations and perceptions. Process relates to service delivery systems as an example if these are poor employees are blamed and customers experience a poor quality service with lots of drawbacks. People includes the service personnel both customer contact and support employees. They are a part of the value chain of the company and as well as delivery of the service despite of the customer contact.

### ***2.5.2 Level of Expectations***

A customer with high experience of quality will perceive the quality of a service as poorer compared to one with lower expectations. This means that a customer may have low expectations based on earlier experience with the service provider; if those expectations are met there is no gap and service quality is considered satisfactory (Buttle, 1996)

According to Zeithal et al (1993), he specifically and significantly mentioned that the expectations are composed of different levels rather than a single one.

### ***2.5.3 Influences on customer expectations***

“Customer expectations can be difficult to identify because customers are not always conscious of their expectations”, Randal and Senior (1992). So it's really hard to identify accurately the expectation levels. However, those expectations also need to change with the time as customer's needs and wants/wishes are changing in an alarming rate.

In the absence of any information, prior expectations of service will be completely diffuse. In reality customers have many sources of information that leads to expectations about upcoming service encounters with a particular firm. (Boulding et al 1993).

Some of these sources include word of mouth communication, external communication, past experience and personal needs (Parasuraman et al 1998).

#### ***Word of mouth communication***

What customers normally hear from other customers mainly have an impact on potential determinant of expectations. The impression been created by a service on its users normally goes a long way in forming the opinions for a person looking for that service. Zeithamal et al 1993, stated that there is a positive relationship among word of mouth and expectation levels.



### *Past experience*

According to Parasuraman et al (1998), the expectations of customers concerning personal contact with employees was lowered due to familiarity with the latter. At the same time, customers expected a better technical competence and effectiveness from the companies.

Another view point is that Folkes (1994) said that the customer's memory has a considerable influence on the formation of expectations, and that the recall of past experience may be based. When analysing this view point further it is explicit that there are certain factors which in a way the recall process as the distinctiveness of the episode. As an example, negative events, and strong affective reactions when these occur to an exposure, the consumer may give a greater attention to the event, and will recall it more easily than the others.

### *External communication*

This plays a vital role, in influencing people's expectations when doing the day to day operations by the service provider. This can be a variety of direct or indirect messages emitted by organization to customers. Ex:- exposure to company's advertisement on the television, a customer creates expectations of the service which the company is actually offering and keeps them as references whenever they are in need of that particular service.

But if by chance that promised expectation doesn't match with the customer's expectations he will be disappointed with the company and this can be a result of bad word of mouth publicity from him as well as the company will lose that particular consumer.

#### **2.5.4Customer Experience**

Webster (1983) defines this as “an actual living through an event, anything observed or lived through all that has happened to one”. (page 644).An Experience can be defined by “The apprehension of an object thought, or emotion through he senses or mind”, active participation in events of activities leading to the accumulation of knowledge or skill.”(www.dictionary.com)

In a business environment “Experiences occur whenever a company intentionally uses services as the stage and goods as props to engage an individual” (Pine & Gilmore 1999).According to the view point of Ali Araghchi, (service quality, customer satisfaction, customer experience and behavioral intention in Iranian retail stores, 2008) customer experience can be categorized to five main components.

- ❖ Sense experience –This deals with the five sensors known as sight, touch, taste, smell as customer value creation components.
- ❖ Feel experience – This deal with the inner feelings and emotions of the customers where a positive experience links to a brand to strong emotions of joy and pride.
- ❖ Think experience – This deal with creating values for customers by nagging them creatively.
- ❖ Act experience- This deals with creating value for customers by showing alternative lifestyles behaviors in doing business.
- ❖ Relate experience- This deals with social experiences, social identity and sense of belonging.

He in his article further explained that, “experience in contrast is process oriented, clearly experience provides much more guidance because it forces you to identify the details that result in satisfaction, if you go through the process of managing the customer experience, satisfaction is likely to be one of the results.”

The three stages of constraints of an experience defined by O'sullivan & Spangler (1998), analyzed "events or feelings that occur prior, during, and after participation". Components of experience (Bonnie J Knutson. Jeffery A Beck, "Identifying the dimensions of the experience construct: development mode", 2003).

1. Pre experience –anything and everything involved in prior to the actual participation in the experience itself.
2. Participation- The actual involvement in the experience
3. Post experience- the aftermath of participation.

Altogether, when analyzing the customer experience has the simultaneous exposure mentioned as above and varies with one to another customer.

## ***2.6 Summary***

The main areas of service characteristics and differences been analyzed by a detailed literature review under this chapter. Service design trends quality characteristics and dimensions with service quality models been viewed in detail. SERVQUAL model is taken as a main component for identifying and analyzing the service quality variables in relation with the customer experienced service levels.

Finally, under this chapter the formation of customer quality improvement methods been taken into consideration with service quality models and gap analysis. But the gap analysis was not conducted in the research instead of that the 5 variables of SERVQUAL dimensions have been measured and analyzed in detailed view point in spite of certain criticisms, the use of SERVQUAL model to measure the customer perception of service quality were agreed.

## **Chapter 03**

### **Methodology**

#### ***3.1 Introduction***

The aim of this section is to make the reader more aware on the methods used in carrying out this research, how the research was designed and reasons for the selection. The chapter begins with the research question and perspectives after that the research philosophies been followed, research approach, research design, and the chosen research methodology reveals in detailed view point. The research technique used in data analysis and data collection is also included under this chapter. The chapter further describes the questionnaire structure as well as it explains the data collection method. The chapter ends with the analysis method and precision measurement making the reader much more aware on the final segments of the research with its limitations.

#### ***3.2 Research Questions***

The below research questions was formed based on the reviewed literature and the research problem.

***“What relationship exists between service quality dimensions such as reliability, responsiveness, reliability, tangibles, assurance, empathy and the customer satisfaction in the travel agency and how does it affect customer satisfaction”?***

***“What is the current customer satisfaction level regarding the level of service been rendered?”***

***“How to compare the level of perceived customer service with their level or received customer service?”***

The above research questions been made in order to get a detailed understanding about the relationship between the service quality dimensions and customer satisfaction as well as the level of customer satisfaction and the gap between perceptions and expectations.

The negative ,positive, neutral relationship among the customer satisfaction and the service quality dimensions should be a must to look at as well as it is a must to understand the level of satisfaction on the customers after the service been rendered which helps to do the improvements where appropriate. Identifying the customer service perceived and the received level in comparison to that also helps to identify the gaps in service provisions and what necessary requirements should be taken when it comes to filling of these gaps. In this research only the customer experience have been taken and the variables been measured by using a 5 point likert scale as well as the correlation coefficient and regression analysis been done.

Finally, the above mentioned three research questions been formulated on the basis of to which degree exactly the above mentioned variables which are service quality dimensions and customer satisfaction do interrelate with each other.

### ***3.3 Research method***

The chosen research method for gathering empirical material was mainly quantitative method. But both quantitative and qualitative methods were used in this research with the help of both primary and secondary data.

Quantitative questionnaire was chosen as the data collection method. Additionally company data base, annual reports, public statements been used when necessary. As the respondents are entirely external parties the questionnaire was given to them in a random basis.

The total amount of these representatives was 78 people. The sample and unit of analysis is made up using the travel forum representatives that are summoned together by the management of the travel management unit. Statistics were formed based on the results of the questionnaire.

The results are described and analyzed in more detail in chapter 5. Final conclusions on the results can be found also under that chapter. Background information concerning service quality of the tours offered by Shanthi Group was gathered by interviewing regular customers most probably those take part in tours at least once a year.

The interviews were conducted in both Sinhala and English medium. The questionnaire was also conducted in both languages due to participant's request. The service quality been analyzed using the customer experience levels using SERVQUAL dimensions. This done for each service attributes and how it affects the overall customer satisfaction of the customers. By evaluating the service quality dimensions the customer satisfaction levels due to overall service quality provided by the company is been analyzed which is the main purpose of the research.

### 3.4 Conceptual framework

The relationship between service quality variables and customer satisfaction can be shown as below based on the reviewed literature. The five service quality dimensions have been selected from the study done by Zeithmal et al (2000:2002).

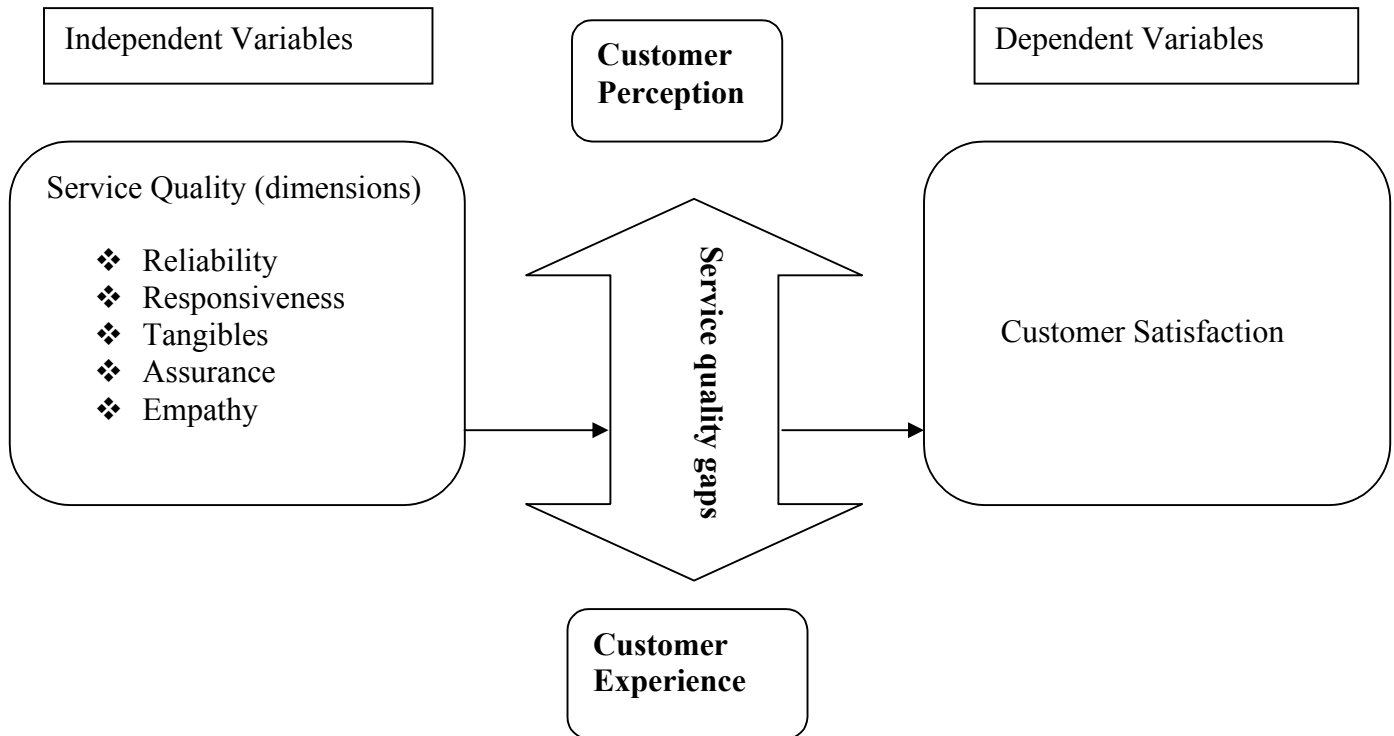


Figure 3.1 :Conceptual framework

As shown in the conceptual framework, the independent variables can be identified as "Service Quality" which has 5 dimensions as described above. According to Parasuraman et al (1988) the five dimensions of the quality are reliability, responsiveness, tangibles, assurance, empathy. The dependent variables can be identified as "customer satisfaction". By using the 5 point likert scale mean values this can be further more analyzed as well as the correlation coefficient and regression analysis also been used. All five dimensions will be analysed throughout this study in order to assess the affect on customer satisfaction.

### ***3.5 Definitons of Key concepts***

- Reliability

The consistency of the performance

- Responsiveness

The willingness to help customers and provide prompt service

- Assurance

Knowledge and courtesy of employees and their ability to inspire trust and confidence.

- Empathy

Caring, individualised attention the firm provides its customers

- Tangibles

Physical facilities, equipment and appearance of personnel



### 3.6 Operationalization

Measuring customer experience regarding the characteristics of travel agency service staff of Shanthi Pvt Ltd.

Concepts	Variable	Indicator	Measure
Reliability	Providing service  Level of service       Level of Knowledge	Error free service  Timeliness     Conflict handling	To evaluate customer perception and experience a 7 point likert scale will be used. To measure the customer perception the rating scale for 1-Not important at all ,to 7-extreamly important. And to measure customer experience the rating scale, for 1- Not experienced at all ,to 7- Experienced at higher level.
Responsiveness	Delays/Waiting time       Supportiveness	Waiting time for staff service assistance. Waiting time at ques during accommodation and transport facility providing situations. Know the value of the customer goodwill	To evaluate customer perception and experience a 7 point likert scale will be used.

Assurance	<p>Politeness</p> <p>Safety</p>	<p>Hospitality qualities within the staff members</p> <p>Politeness and language used</p> <p>The special care on preventing harmful situations.</p>	To evaluate customer perception and experience a 7 point likert scale will be used.
Empathy	<p>Attention</p> <p>Caring/Reactions</p>	<p>Individualized attention to customers recognizing regular customers.</p> <p>First aid and medical insurance facilities during the journey and special care for old age people</p>	To evaluate customer perception and experience a 7 point likert scale will be used.
Tangibles	<p>Updates</p> <p>Staff appearance</p> <p>Facilities</p>	<p>Technology updates</p> <p>First time impression</p> <p>Physical facilities</p>	To evaluate customer perception and experience a 7 point likert scale will be used.

Table 3.1: Operationalization aspects

### **3.7 Data collection**

The both Quantitative and Qualitative approaches been used.

Quantitative approach using questionnaires, (Appendix A) Other than these self-Observations, Interviews also were used... This was the method of collecting the *Primary data*. The questionnaire was designed in such a way that it could standardize all possible answers of respondents. This allowed not only easing the comparison of the respondents but also the computation and manipulation of the data. Qualitative approaches using company data base, company annual reports, company published sources etc. This is the expected method of collecting the *Secondary data*.

The questionnaires were distributed and given to the randomly selected customers to fill in order to do the research. Most of the participants took only 20 minutes to 55 minutes of their time in doing so. Some of the questionnaires were faxed and mailed on the request of the customer and collected within a week time.

The questionnaire is a self completion questionnaire which is a series of questions that he respondents answer on their own. This was designed accordingly to the main objective of the research. The questionnaire contains statements based on, the five SERVQUAL dimensions presented by Parasuraman et al (1985) tailored to specific service quality requirements of the travel agency.

Questionnaire has 3 main parts. Part 1 has a sample profile regarding the respondents and part 2 analyses the 5 variables in relation as questions. Part 3 is the comments which describes the customer feedbacks and their perceptions other than the asked questions.

### **3.8 Sampling**

The sampling method is “Simple Random Sampling” where every passenger from the frame has an equal chance of being selected. The customer experience analysis is done by a total number of 78 respondents feedback who represents the customers who went tours organized by the company during the month of January 2013 for the time frame of 6 months which I was been a trainee at the company HR department (from 1<sup>st</sup> of November 2012 to 31<sup>st</sup> May 2013) the total number of customers who was participated for the company tours are in total 152 .The sample represents 51% of participated customers. Therefore, based on their feedbacks the research was conducted.

### **3.9 Method of data analysis**

The following techniques are been used to analyse the data.

- Correlation analysis: Done to analyse the correlation between demographics and experiences.
- Comparative analysis using the mean, median,mode.

Data analysis been done by using Statistical models such as correlation techniques, scatter diagrams, linear regression, weighted average ranking methods etc. Different statistical data tests were performed on the data collected. A correlation analysis, comparative analysis was carried out to study the correlation between demographics and perceptions. All the statistical analysis was done by using the *Minitab software version 15*.

### ***3.10 Limitations of the study***

- The data been collected represents only 51% due to the reasons of time limitations, from the total population expressing that the research will be much more successful if it reaches 60% to 70%.
- The data collection mainly the primary data collection became difficult due to the reason of accessing problems to the company internal data bases (privacy issues).
- Study does not include the viewpoints and feedbacks of the management and employees (staff), if it included the tri - point of view the research will become much more balanced.

### ***3.11 Summary***

Consolidated dimensions of service quality set out by Zeithamal et al.(1990) were used at the “skeleton” of the questionnaires designed. Although SERVQUAL instrument for measuring service quality has been criticized by various authors researches still advocate its use for research on service quality. It is claimed by Parasuraman et al. (1990) that this model can be adapted to various service sectors. This is already in use at different service sectors. In the travel agencies context it is just another application of the tool. This tool is been used in conducting the research. The deduction research method was chosen and the research method was qualitative. Simple random sampling was used as the sampling technique and data were analyzed using the Minitab software.

## **Chapter 04**

### **Findings & Analysis**

#### ***4.1 Introduction***

This chapter will present the analysis and the findings of the survey data that has been collected via survey questionnaires. The data have been collected from the participated customers of the company organized tours. The sampling method is simple random sampling where every passenger from the frame has given an equal chance of being selected. There were 78 respondents feedbacks collected from the month of January tour participants of 152. The sample represents 51% from the total population selected. The data has been analyzed using the Minitab statistical software.

First of all, the analysis about the customers participated for the survey will be mentioned and described using a sample profile. Secondly the questionnaire data results been analysed, the mean scores were taken which describes the quality experienced levels of the customers during the journey analyzing the independent and dependent variables relationship values using further the covariance analysis, regression analysis, and comparative analysis.

#### ***4.2. Sample profile***

The respondents who responded through questionnaire are 78 out of a total population of 152 which is 51% overall. They differ from the following 4 aspects accordingly by age category, gender, educational background and marital status.

#### 4.2.1. Analysis of Gender

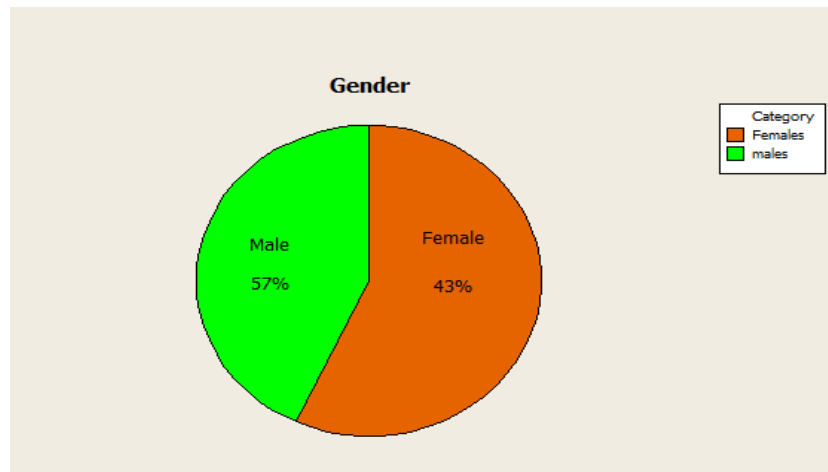


Figure 4.1: Pie chart representing the distribution of Gender

The above graph depicts that the majority (57%) of the selected sample are female respondents while 43% are male respondents.

#### 4.2.2. Analysis of Age

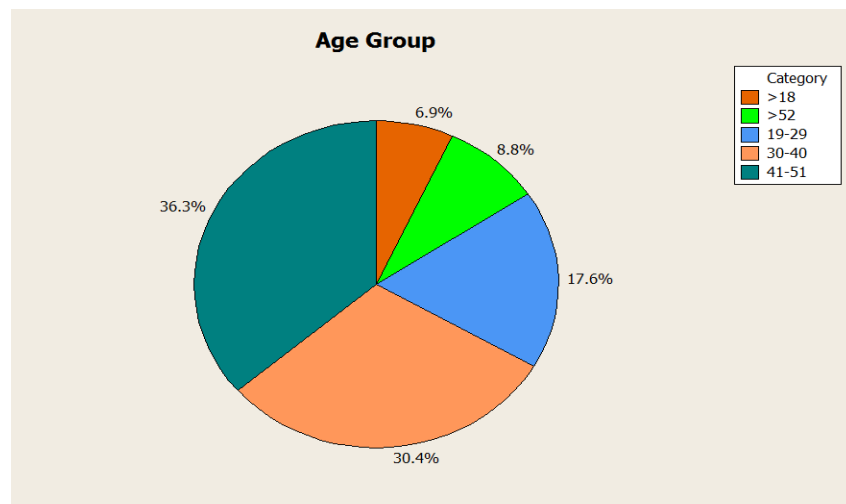


Figure 4.2: Pie chart representing the distribution of Age

The above graph depicts most age group people who responded to the questionnaire are between the age group of 30 years to 40 years.

#### 4.2.3. Analysis of Education Level

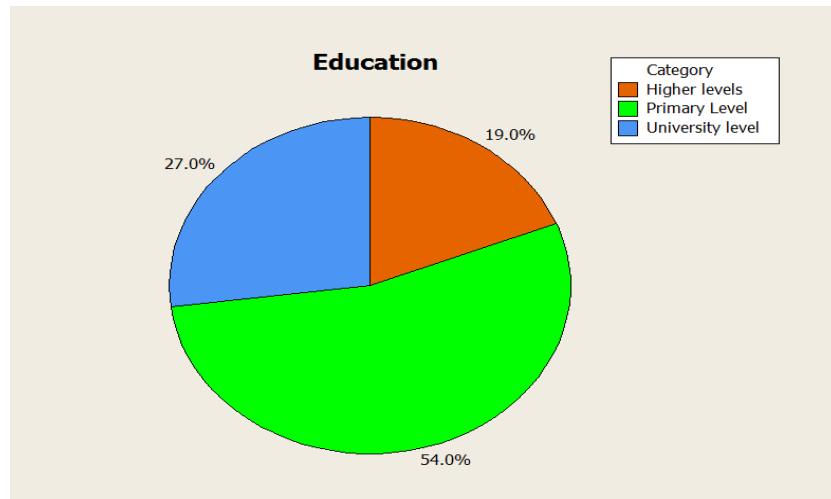


Figure 4.3: Pie chart representing the educational background

Educational Background: Majority of respondents are from the primary level of education. People in university's and in bachelor's level respond as second highest. Other category represents the people above the university degree levels most probably people in postgraduate levels.

#### 4.2.4 Analysis of Marital status

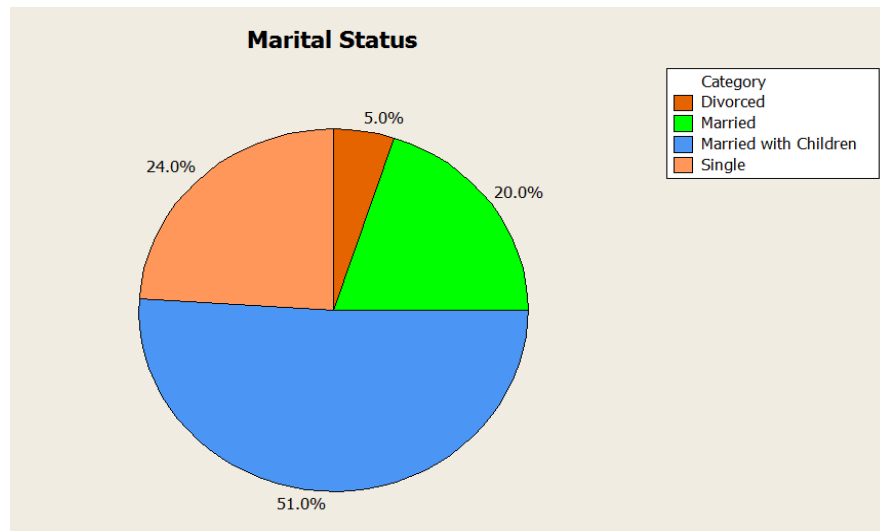


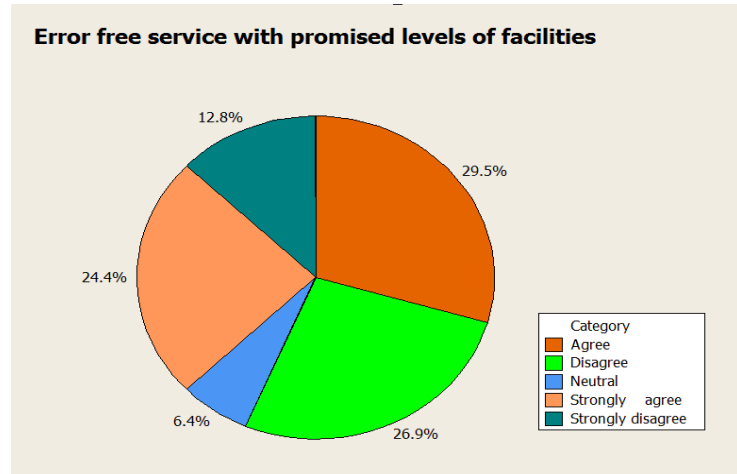
Figure 4.4: Pie chart representing the marital status

Above figure depicts that the majority of people who travels using this option are married with children. And only 5% belongs to the category divorced.

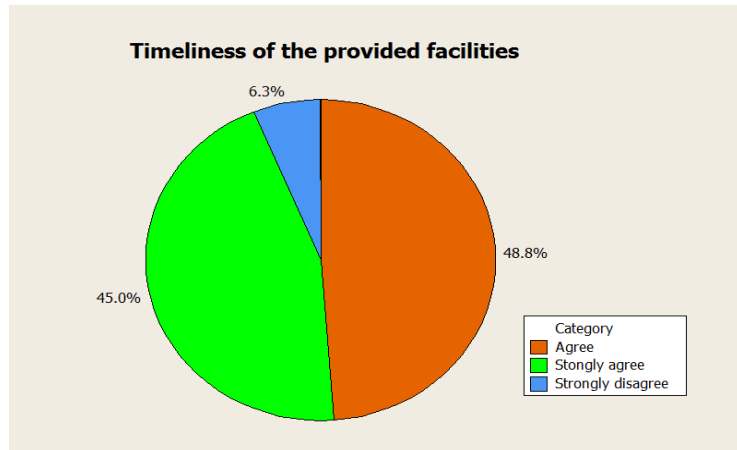


#### *4.3 Respondents experienced quality levels with questionnaire data analysis.*

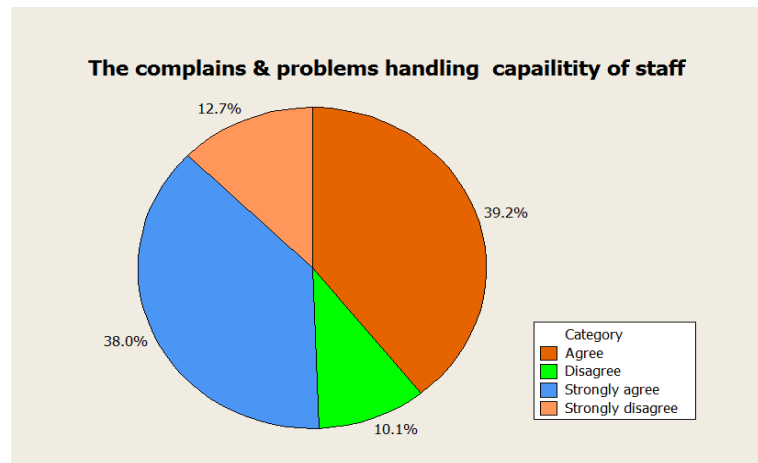
Q 01. Error free service with promised levels of facilities.



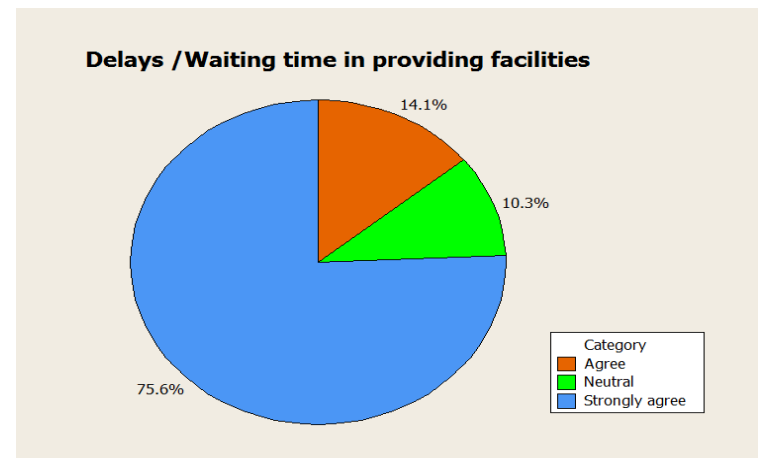
Q 02. Timeliness of the provided facilities



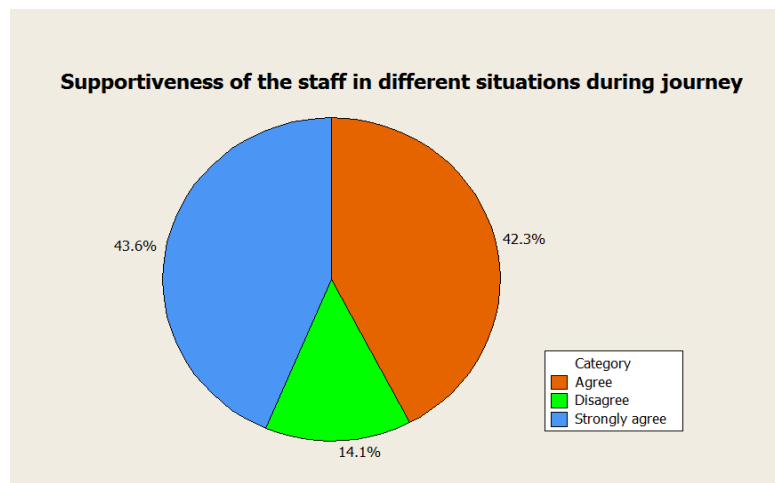
Q 03.The complains and problems handling and listening of staff during the journey.



Q 04. Delays /Waiting time in providing facilities



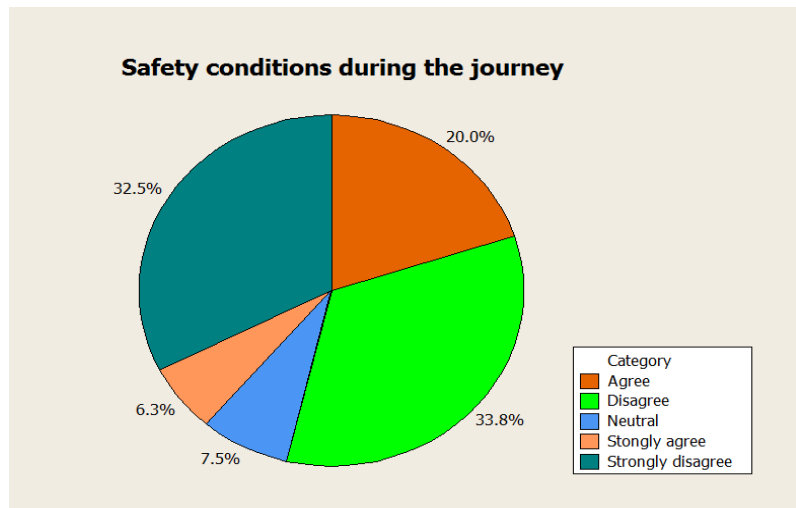
Q 05.Supportiveness of the staff in different situations throughout the journey.



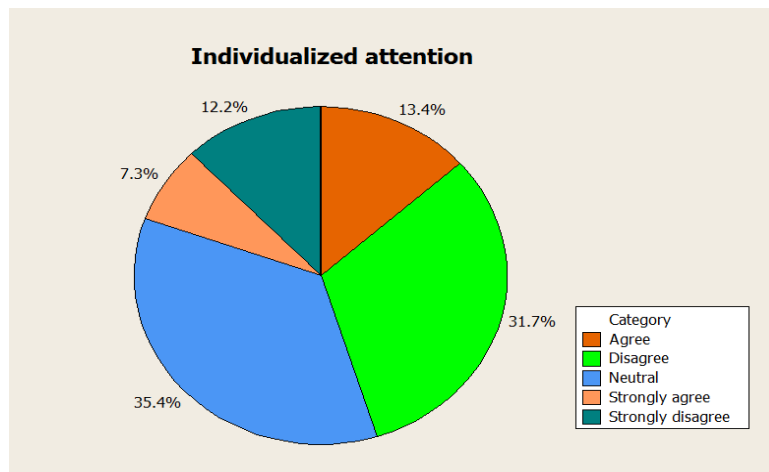
Q 06. Politeness and hospitality qualities in staff members



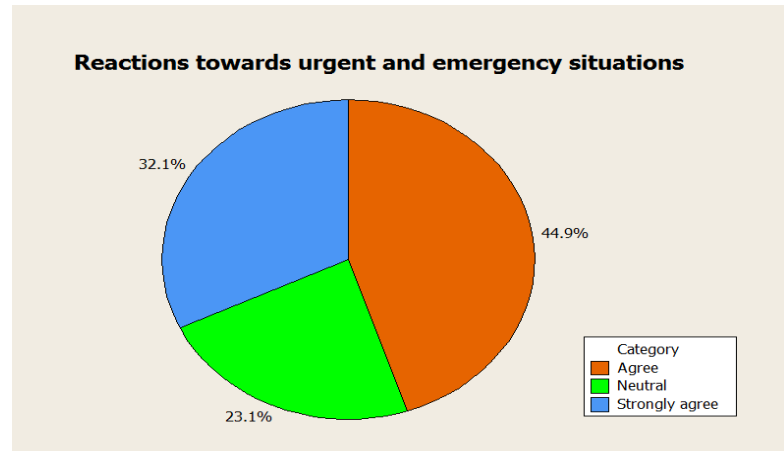
Q 07. Safety conditions during the journey



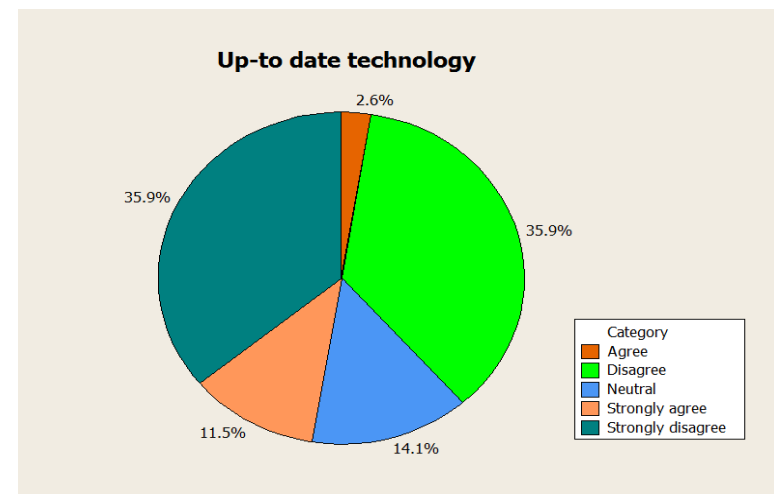
Q 08. Approachability to each staff member during the journey (Individualized attention)



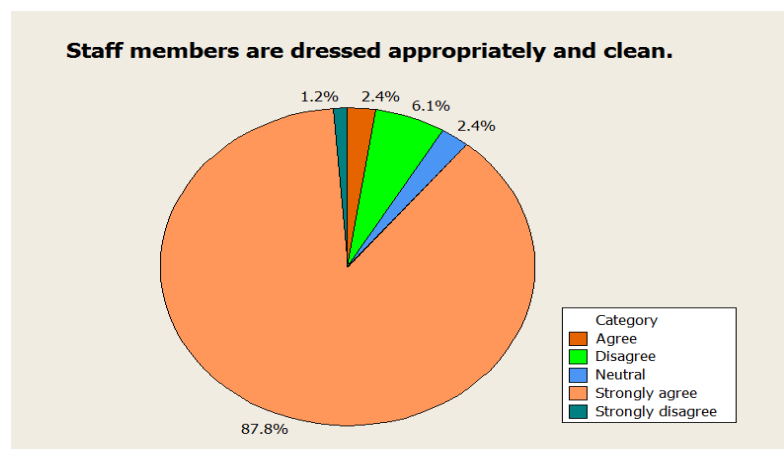
Q 09. Reactions towards urgent and emergency situations



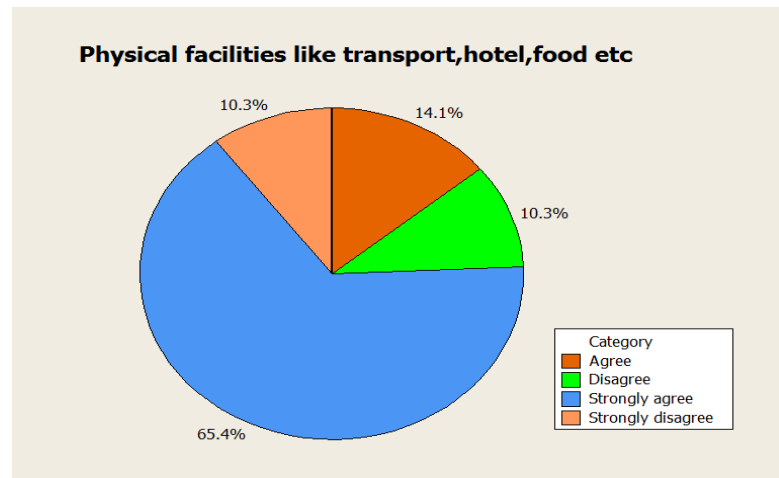
Q 10. Up-to date technology



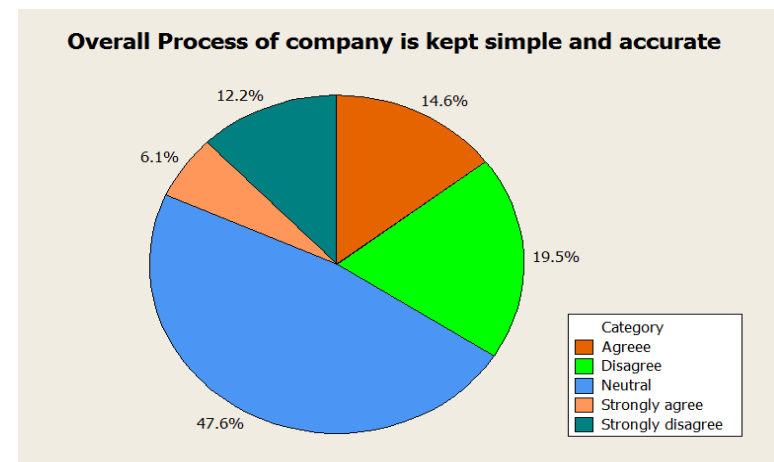
Q 11. Staff members are dressed appropriately and clean.



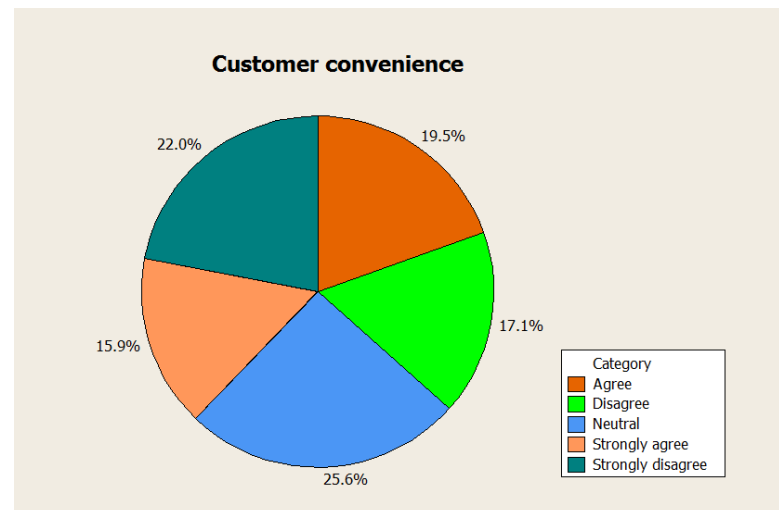
Q 12. Physical facilities like transport,hotel,food etc



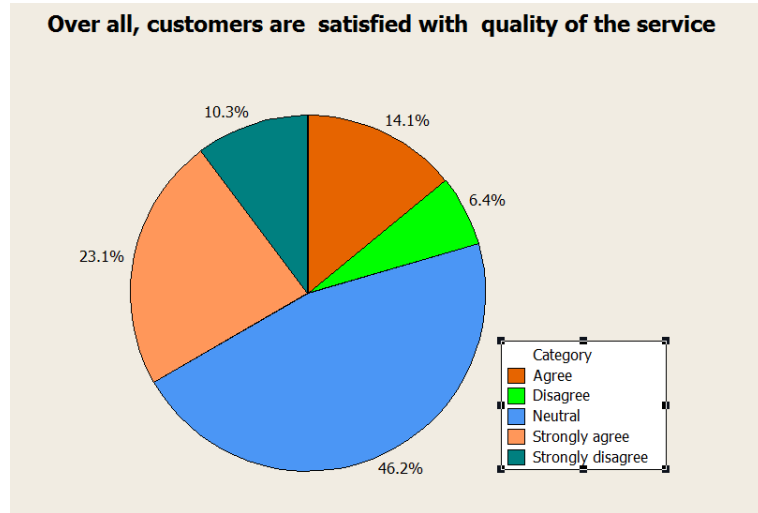
Q 13. Overall Process of company is kept simple and accurate



Q 14. Customer convenience



Q 15. Over all, customers are Satisfied with the Service Quality of the company



Questions	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Q.01 Error free service with promised levels of facilities.	13%	26%	6%	28%	27%
Q.02 Timeliness of the provided facilities.	6%	0%	0%	49%	45%
Q .03 The complains and problems handling and listening of staff during the journey.	13%	10%	0%	38%	39%
Q .04 Delays /Waiting time in providing facilities.	0%	0%	10%	13%	77%
Q .05 Supportiveness of the staff in different situations throughout the journey.	6%	13%	0%	41%	40%
Q .06 Politeness and hospitality qualities in staff members.	0%	0%	0%	23%	77%

Q .07 Safety conditions during the journey.	33%	33%	6%	22%	6%
Q .08 Approachability to each staff member during the journey (Individualized attention).	13%	32%	36%	13%	6%
Q 09. Reactions towards urgent and emergency situations.	0%	0%	23%	45%	32%
Q 10. Up-to date technology.	36%	36%	13%	3%	12%
Q 11. Staff members are dressed appropriately and clean.	1%	6%	3%	3%	87%
Q 12. Physical facilities like transport,hotel,food etc.	10%	10%	0%	13%	67%
Q 13. Overall Process of company is kept simple and accurate.	13%	19%	49%	16%	3%
Q 14. Staff members are dressed appropriately and clean.	24%	16%	25%	19%	12%
Q 15. Physical facilities like transport,hotel,food etc.	10%	6%	44%	13%	27%

Table 4.1 Percentage analysis

The above analysis shows the feedback percentages of the customers who take part in the tours taken by the company. The questionnaire final feedback percentages of the 78 respondents out of the total population of 152 has been taken.

#### ***4.4 The correlation co-efficient analysis.***

Pearson correlation coefficient, also known as “*r*” measure of the strength and direction of the linear relationship between two variables that is defined as the (sample) covariance of the variables divided by the product of their (sample) standard deviations. It is a descriptive statistic that can be used when quantitative measurements are made on units that are organized into groups indicating how strongly units in the same group resemble each other. In this research the relationship of the independent variables to the dependent variables been analyzed;

$$y=f(x_0, x_1, x_2, x_3, x_4, x_5)$$

In this research the below formula been used for the analysis.

$$\text{Customersatisfaction}=f(\text{reliability},\text{responsiveness},\text{assurance},\text{empathy},\text{tangibles})$$

#### ***4.4 Correlation analysis.***

First of all the conceptual framework variables been measured to identify whether there is a relationship or not, in order to do this Minitab 15 statistical software has been used.

Table 4.2 Correlation analysis

	Reliability	Responsiveness	Tangibles	Assurance	Empathy
<b>Pearson correlation</b>	0.926	0.870	0.968	0.967	0.936
<b>p-value</b>	0.000	0.000	0.000	0.000	0.000

The five variables been taken in the conceptual framework has a strong positive linear relationship when considering the correlation coefficient values. This shows that when one variable increases in its values, the other variable also increases in its values via an exact linear rule. The tangibles variable has the highest coefficient correlation. As there are no negative linear



relationships (when one variable increases in its values, the other variable decreases in its values via an exact linear rule) the five variables should be measured as there is a relationship enhancing the customer satisfaction.

#### ***4.5 Multiple Regression analysis.***

The below regression analysis was done to in order to analyze the strength of the linear relationship between two variables. The data analysis of the Minitab software has been presented below.

Table 4.3: Model Parameters

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-1.359	.154		-8.829	.000
Reliability	.107	.061	.111	1.733	.087
Responsiveness	-.150	.076	-.118	-1.980	.051
Assurance	.502	.096	.354	5.223	.000
Empathy	.392	.091	.312	4.318	.000
Tangibles	.411	.080	.357	5.121	.000

a. Dependent Variable: Customer satisfaction

- The above model indicates that all the explanatory variables are significant at 5% level of significance except the variable reliability, which is insignificant at 5% level of significance.
- Interpretation of Regression Coefficients: (Standardized Coefficients):
- When the Responsiveness increases by one unit the overall customer satisfaction decreases by 0.15 times when the other factors held constant.
- When the factor Empathy increase by one unit the overall customer satisfaction increases by 0.39 times while the other factors held constant.
- Whereas when the Tangibles increase by one unit the overall customer satisfaction increases by 0.4 times while the other factors held constant

Table 4.4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.989 <sup>a</sup>	.978	.977	.176

a. Predictors: (Constant), Tangibles, Assurance, Responsiveness, Reliability, Empathy.

- R square statistic is a goodness of fit test statistic where it says that 97.8% of the variation of customer satisfaction (dependent variable) is explained by the above regression model.

#### ***4.6 Further analysis using below values***

The below vales been taken considering the 5 point likert sale where weighting of the variables done as below ;Values been weighted using as (Strongly disagree: 1,Agree : 2,Neutral :3, Disagree:4,Strongly disagree:5).The mean value calculations done by using the mean value formulas.

Table 4.5 Data analysis

	<b>Reliability</b>	<b>Responsiveness</b>	<b>Tangibles</b>	<b>Assurance</b>	<b>Empathy</b>	<b>Customer Satisfaction</b>
Mean	<b>3.8724</b>	<b>4.3024</b>	<b>3.5925</b>	<b>3.3971</b>	<b>3.3846</b>	<b>3.0329</b>
Mode	<b>5</b>	<b>3</b>	<b>2</b>	<b>3.5</b>	<b>3</b>	<b>2</b>
Median	<b>6</b>	<b>4</b>	<b>3</b>	<b>4.5</b>	<b>4</b>	<b>1</b>
Std. Deviation	<b>1.2134</b>	<b>0.9140</b>	<b>2.1097</b>	<b>0.8149</b>	<b>0.9224</b>	<b>1.1590</b>
Variance	<b>1.4725</b>	<b>0.8354</b>	<b>4.4511</b>	<b>0.6640</b>	<b>0.8508</b>	<b>1.3432</b>

#### ***4.6.1 Reliability dimension***

As stated in the literature review reliability dimension is another SERVQUAL dimension. Reliability dimension strength is 0.107 which depicts by the regression analysis showing that when the Reliability increases by one unit the overall customer satisfaction increases by 0.107 times when the other factors held constant. Thus this has a positive linear relationship and the lowest of the other five variables and the second highest after the responsiveness variable which has -0.150.

Most probably, this means that this has a lower impact towards the customer satisfaction. Normally, This shows that the ability to perform the promised service dependently and accurately, showing that the Shanthi Travels (Pvt) Ltd company is not in a good position with the timeliness in providing the prompt services to customers during the journey as well as should concern on error free service quality, with promised levels of resources and timeliness of service been provided and the complain and problem solving system of the company which are the areas covered under the reliability dimension under questionnaire. As a major finding of the research this company should improve the customer care aspect given during the journey towards the customers, and providing the promised levels of resources and facilities as the loss of customer goodwill means a great loss to the company.

#### ***4.6.2 Responsiveness dimension***

As stated in the literature review responsiveness dimension is another SERVQUAL dimension. This variables particular strength is When the Responsiveness increases by one unit the overall customer satisfaction decreases by 0.15 times when the other factors held constant. As this has a reversed relationship with the customer satisfaction levels the company should never be too busy to respond, employees should tell exact time of services, and the employees should be always willing to help the customers. By considering the regression analysis it is explicit that the company currently has not achieved a good status in this aspect where delays and waiting time in providing facilities as well as supportiveness of the staff in different situations throughout the journey is comparably bad.

#### ***4.6.3 Assurance dimension***

As stated in the literature review assurance dimension is another SERVQUAL dimension which has a 0.502 regressions or strength which is the most influencing factor to the customer satisfaction of the company. So as it has the highest impact out of the other 4 variables the company should be aware more on this aspect, so company can improve the quality levels and customers satisfaction as well.

So the company as a major finding should improve politeness and hospitality qualities within staff members by proper training and development programmes, workshops etc. safety conditions throughout the journey should also taken into consideration where as the emergency reactions, first aid, ambulance services, proper schedule controlling throughout the journey, special are to those who are old and disable etc.

#### ***4.6.4 Empathy dimension***

As stated in the literature review empathy dimension is another SERVQUAL dimension. The strength of this is 0.39 which has the third highest impact to customer satisfaction after tangibles aspect. When the factor Empathy increase by one unit the overall customer satisfaction increases by 0.39 times while the other factors held constant.

Individualized attention given during the journey to each customer and reactions towards emergency situations has are thee analyzed areas under this dimension which is another major finding from the analysis been done.

#### ***4.6.5 Tangibles dimension***

As stated in the literature review tangibles are another SERVQUAL dimension. This has the second highest impact towards the customer satisfaction where as when the Tangibles increase by one unit the overall customer satisfaction increases by 0.4 times while the other factors held constant. As the questionnaire covered the staff members physical appearance, cleanliness, updated technology, physical facilities should be further improved which shows another major finding from the analysis been done...

#### 4.6.6 Total impact analysis

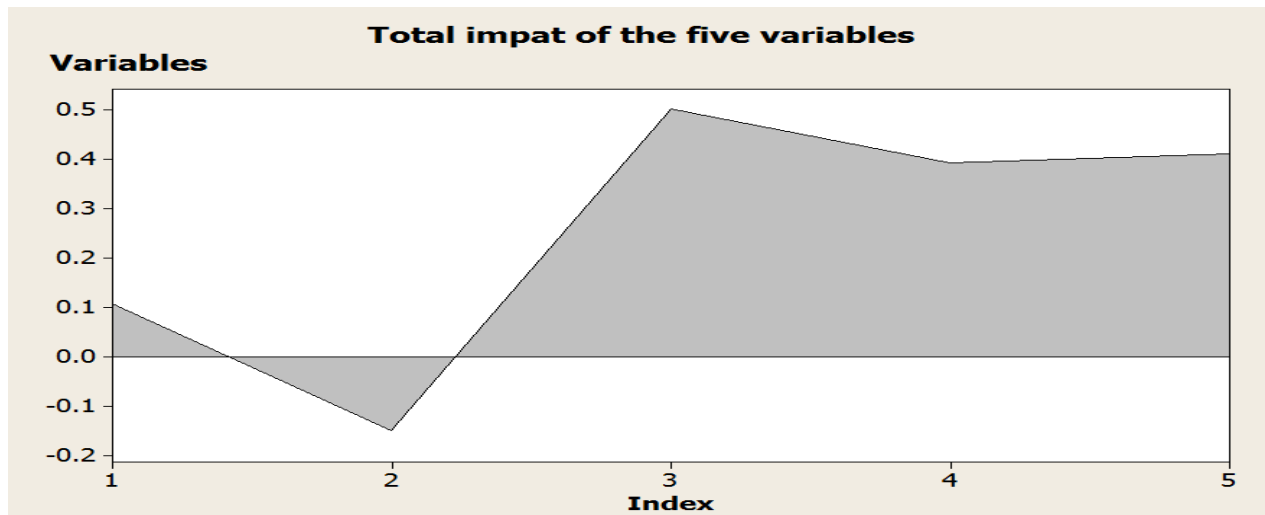


Figure 4..5 Total impact analysis

#### 4.7 Summary

The main objective of this chapter is to analyze the gathered data and to elaborate the findings through the analysis. In order to do this, first the sample profile of the participants of survey questionnaire has been analysed, Secondly the questionnaire data results been analyzed using pie charts and Minitab statistical software, the mean, median, standard deviation scores etc were taken which describes the quality experienced levels of the customers during the journey. The regression and correlation analysis been done and finally the major findings has been shown through a detailed dimensional review.

## **Chapter 05**

### **Conclusions and Recommendations**

#### ***5.1 Introduction***

This chapter will discuss further the findings of the research, identifying potential reasons and explanations of the questionnaire survey results. This chapter also includes recommendations that will help to make some service quality decisions to be made, based on the findings of the research. Finally, the limitations of the research will be identified, and some suggestions for further research will be offered as recommendations.

#### ***5.2 About the quality experienced by the customers***

The findings of this research as per the table reveals explicitly shows that the customers of Shanthi travelers Pvt Ltd has experienced highest scores in assurances attribute as 0.502 confirming the results of Zeintmal et al that customers gives highest ranking importance to assurance aspect of the service been provided by the staff members at Shanthi travel Pvt Ltd company more than other variables.

This explicitly shows that the politeness and hospitality qualities in staff members and the safety conditions during the journey been analysed. The company has a high score in politeness and disciplined aspects but the safety conditions regarding the customers has a very low aspect which shows that the first aid facilities, medical facilities, insurance schemes are not available as other travel companies in Sri Lanka.

Especially for the old and middle aged people there should be a proper insurance scheme or at least medical facilities should be provided by taking at least one doctor staff member when organizing tours.

The second highest value in the regression analysis is for the tangibles aspect which shows that availability of up to date technology such as manual bookings and ticket issues using the new technological methods online booking/reserving facilities, internet, e-mail, telephone, facilities should be enhanced and most probably there should be a company network protocol for the staff members to improve their efficiency and effectiveness. So, for a superior service to be provided the company should concern more on this matter.

The third highest value in the regression analysis is for the empathy aspect which has a strength of 0.392. As major recommendations the individualized attention given during the journey to each customer and reactions towards emergency situations should be improved such as introducing a new insurance scheme, accident allowances, ambulance outsourcing service etc. There should be a new regulation that should be developed by the company such as limiting the number of participants between 75-80 and above 80 years old.

When taking the reliability dimension, it has a low impact in comparison to other aspects. This shows normally the ability of performing “first time right service”, during the journey. Another recommendation which appears to be true and fair is the responsiveness of the employees that explicitly shows that the employees are never too busy to respond, employees tell exact time of services, employees always willing to help customers during the journey. So, delays and waiting time in providing facilities as well as supportiveness of the staff in different situations throughout the journey should be developed.

The training and development programmes, workshops, proper senior management consultancy, bottom up approach of communication among the organization top levels to bottom levels, employee empowerment, motivation programmes and salary increments, bonus schemes should also be added as the additional recommendations by the research.

### ***5.3 Comparisons of the results with Literature review.***

By comparing the results of the survey to the literature review presented in chapter 02 several important observations can be made. As already mentioned in chapter 2 (2.3.1), there is no universally accepted definition of service quality. This becomes obvious from the results of the survey. All the customers had answered differently thus giving a variation of views regarding the service quickly. However, it is the perception of the customers that will eventually define quality. It is important for the management of the travel agencies to formulate strategies to bridge these gaps in the perception of service quality.

According to the literature review 2.4.3 SERVQUAL model variables which are Tangibles. (Physical facilities, equipment and appearance of personnel). Reliability, (Ability to perform the promised service dependably and accurately), Responsiveness (Willingness to help customers and provide prompt service), Assurance (including competence, courtesy, credibility and security). Knowledge and courtesy of employees and their ability to inspire trust and confidence, Empathy (including access, communication, understanding the customer). Caring and individualized attention that the firm provides to its customers aspects has been explained and measured to get a clear result from the research.

### ***5.4 Recommendations for improving service quality***

From the findings of this research it can be concluded that the Shanthi Travels (Pvt) Ltd company should immediately start looking for strategies that will improve the quality of service that they provide to their customers. It is very important to begin with the service attributes that revealed significant statistical differences the customer's perception with that of company service quality levels. The priorities must be based on the relative importance of the attributes shown by their desired service quality experienced.



What follows is a proposition of recommendations that managers in the company could use to improve the service quality delivered. The dimensions are ranked according to the importance attached to them by customers.

**Reliability:** Reliability is associated with first time right service i.e. correct reservations and ticketing the first time. It is the company's ability to perform the service dependably, accurately, and consistently keeping given promises on delivery, service provision, problem resolution and Pricing. Staff need to be trained in the field of company processes as well as management by walk around and checking systems will minimize the hence of errors, proper senior management consultancy, workshops and training and development programmes (perspicuous staff selection and service procedure training) empowering frontline employees should be conducted. This would encourage staff to be more caring, willing to help patrons and offer more prompt and individualized attention. Keeping promises about service outcomes and core service attributes is the most significant factor in the eyes of the customers. Reliability is performing the service right the first time, as promised. (Zeithaml et al. 2006).

**Empathy:** The attribute of can solve travel related problems was given a very low experienced score by the customers. This means that a customer no longer wants an order taker. He wants someone who can suggest solutions to his problems. This is the role for which managers imperatively need to train their staff for i.e. as a travel consultant and not just a travel agent. Poor communication by staff members throughout the journey as no proper tour guides were denoted for each group. In airport waiting time the passengers has rated that the empathy as the lowest due to high waiting time and no attention given individually towards them mainly in Hong Kong international airport and in Indian pilgrimage tours. Free Rest Stops was another category which customers written in the comments forum mentioning that the individual attention was not given and some people lost their bags and other valuables due to thief own fault as well as due to staff members carelessness. As they didn't react properly to eliminate or make aware of thief's and even after they lost their valuables staff members were not made an effort to get it back specially in Indian and Pakistan tours. (Zeithaml et al. 2006,)

Tangibles: even though the customers did not experienced high scores for tangibles such as up to date technology, the customers experienced a highest score for staff member's appearance cleanliness and the physically provided facilities throughout the journey as hotel facilities (inattentive hotel staff), transport facilities, basic needs such as water, sanitary, electricity, food and beverage medicine etc. For example, in the comment forum some mentioned that accommodation incidents with both Tangible and Reliability elements signifying the appearance of facilities, equipment and personnel, and the staff ability to perform the promised service dependably and accurately was seen as being a poor standard but in some questionnaire forums it was ranked as best. So this scores mean took medium value where it was not seen very poor as well s very high. Accommodation is ranked as high which shows that the company has provide the promised levels of service. Tangibles meaning the tickets and the intranet pages in this case affect the internal customers' evaluation of the services. (Zeithaml et al. 2006,)

Responsiveness: Responsiveness is the willingness to help customers and to provide prompt service. Responsiveness from the customer's view means how attentive to customer requests, questions, complaints and problems the company personnel is. The level of responsiveness is judged based on the time these issues are dealt with. If the customers feel they have to wait a long time, the perception of responsiveness is weakened. This dimension of service also includes flexibility and ability to customize to a particular customer's needs. It was especially common for retail stores and shopping centers, indicating that there were perceived a lack of willingness to help customers and to provide prompt service. This also shows how attentive to customer requests questions, complaints and problems the company personnel is the level of responsiveness is judged based on the time these issues are dealt with. If the customers feel they have to wait a long time, the perception of responsiveness is weakened. This dimension of service ticketing issues, the delivery time is important since often the business trips happen within a short period of time and tickets are needed quickly. Also includes flexibility and ability to customize to a particular customer's needs. (Zeithaml et al. 2006).

Aurance: Assurance is the knowledge and courtesy of employees and their ability to inspire trust and confidence. Assurance dimension is important to high-risk services such as banking, medical or insurance. The employees need to have a certain level of knowledge and skill to treat customers with respect and make them feel that they can trust their business to the company. (Zeithaml et al. 2006).

#### ***5.4.1 Areas for future research***

Travel industry is rapidly growing niche market in Sri Lanka. Further research on the customer satisfaction of Shanthi Travels (Pvt) Ltd company services provided by the management of the company can be carried out using a larger sample size which would increase the possibility of statistically detecting any patterns or differences in data.

The current research is conducted only taking the view points of the customers who participated in the tours the view points of the travel staff, management, has not taken into account. This research did not take into account the views of the service principals and back up or support staff who also form a part of the process of service delivery. A study including views of customers, management, frontline staff, support staff and service suppliers would provide a more complete picture. Also perception is not static, research and surveys be performed regularly in order to reassess service quality levels in travel agencies. In fact travel agencies do not have the choice than reassess and review service quality constantly in order to retain their existing customers or to attract new ones. Customers are ruthless and quite demanding. If travel agencies want to remain and succeed in business, they should understand what their customers want and what they perceive as service quality.

***5.4.2 New innovative strategy recommendations for the company of are used in order to improve the current quality levels collected through customer feedback forum.***

- The company currently has an outsourced transport system with its travelling destination countries company can further more and have outsourcing arrangements in order to have an ambulance service during the tours.(Specially for Indian pilgrimage tours as most of the participants are old aged people).
- For the Indian tour currently company has around India location visits only. But the company can take the customers at the same time to the country “Nepal” to visit “Lumbini” which is a sacred place of Lord Buddha like other competitive companies such as “Lotus” Company.
- This company does not have night destination travels in the country of china. The China tour schedule should be rearranged and should have night destination visit packages such as 7 night tour packages etc.
- Efficient and effective recruitment strategies should be developed by the company HR department as the training and development cost is huge, and for the company to survive in the long run by keeping the regular customers goodwill.
- Company does not possess update technology and bottom up communication approaches. In order for the company to survive the usage of advanced internet, networking, Wi-Fi, and telephone facilities is a must.Ex: if by chance a customer or set of customers been missed in a rest stop there is no possibility to contact unless if there is a unique way of identification such as an identification card.

- The mostly participating age group for tours are between 19 to 29 and 30 to 40 years age group. So the company can use market strategies like advertisements that will catch the youth and programmes which have more flexibility towards these age groups.  
Ex: Adding the Tokyo Disney land tours and other closure tour destinations with temple and other pilgrimage destinations visits.
- Currently company do not have fluent people in the staff with multi languages such as Japanese, English, Tamil, Hindi, Bengal etc.The HR department do not has a proper marking scheme to mark the persons language fluency. This should be improved as this is a tour company and different destinations are been visited so the language fluency is a must even to a certain extent.
- The lowest mean value is for Empathy variable which shows that the individualized attention and reactions towards urgent situations are low concerning information centers, respondents experienced poor communication, lack of information and individual attention. So as a main research finding this aspect should be improved using different innovative strategies such as poor communication by staff was noted as an element of airline breakdowns., dissatisfaction amongst hotel customers as a result of inattentive hotel staff.,
- Training and development programmes, hiring experts proper senior management consultancy, workshops should be conducted at least once a year for the company staff to be efficient and effective.Ex:-In a questionnaire a customer has written that the company staff didn't make them aware of the thief's in certain tour destinations they travelled especially in the Indian pilgrimage tour, so she lost his wallet with money. So staff members should be knowledgeable on the places taken to visit and also should be much more efficient in delivering the messages as well as in proper communication aspect.
- A proper time schedule should be there when it comes especially in visiting shopping malls to relax, purchase clothing, and souvenirs as the tour delays due to time limit unawareness of the customers.

### ***5.5 Limitations of the study***

- The study examined experienced and perceived quality levels are individual and subjective to issue.
- The SERVQUAL instrument used was adopted and shortened for the purpose of this study and thus affect the validity and reliability of the data.
- The accuracy of the measurement are limited to the 5 variables been examined. However The other variables which effects such as price were not considered.
- When considering the value chain of a travel agency the perception of suppliers, airlines, hotels etc, and other supporting staff such as accountants, visa officers, messengers and receptionist were not considered. These could have provided a more complete picture.
- The research as limited by the scare resource of time. The scarcity of time placed restrictions on the sampling size and method.

## ***5.6 Conclusion***

Today's highly competitive business environment in the service industries has resulted in an increased interest in service quality. This is especially true for travel industries where service to customers is interactive and labor intensive. The main focus in the service competitions is the management of moments of truth between customers and employees, and the creation of adequate support from managers, to create value for customers.

The presented research aims in improving the quality levels been provided to customers during the tours. As service is intangible and subject to measure exactly, in order to provide quality service it is essential that there should be an alignment in the values and perceptions of the customers with those staff delivering the service and the managers provide the service specifications.

The research identified areas to be improved in order to improve the quality levels of the company service quality. So by paying more attention towards the variables which has a low regression values has to be improved in order for the customers to be satisfied as well as for company quality improvement. This research has not only opened the door for more work in this area but also has made the managers aware of the need to check the alignment of perception align the value chain in order to provide better service.

## ***5.7 Summary***

The purpose of this study was to present the overall conclusion with reference to the analysis which was conducted in the previous chapter 04. Conclusions were drawn accordingly with the recommendations in order to enhance the company travel policies of Shanthi travels (Pvt) Ltd.

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❖ *Other than the above references the company database and annual reports has been used as well as, below softwares been used for data analysis as well as due to accuracy concerns*

- *Minitab version 15*
- *Microsoft Project Professional 2007 softwares*

## Appendix A: Customer Questionnaire –English

### “A Detail Study On The Improving & Analying of Service Quality in Shanthi Travelers Company”

“I am an undergraduate of the NSBM following the Bsc in Business Management (special) degree. I am currently doing my research on “Analysing and Improving Service Quality Of Company Shanthi Travelers (Pvt) Ltd”. Please support me with your feedback regarding the service quality provided to you by the company during your journey”.

#### Part 01

- What is the age category you belong to ?

Below 18	19-29	30-40	41-51	Above 52

- What is your Gender?

Male		Female	
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- What is your educational background?

Primary Education	
University Education	
Other (Postgraduate levels)	

- What is your Marital status?

Single	
Married	
Married with Children	
Divorced	

Part 02 : Please Mark / Tick

<b>Questions</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
1.Error free service with promised levels of facilities.					
2.Timeliness of the provided facilities.					
3.The complains and problems handling and listening of staff during the journey.					
4.Delays /Waiting time in providing facilities					
5.Supportiveness of the staff in different situations throughout the journey.					
6.Politeness and hospitality qualities in staff memebers					
7.Safety conditions during the journey					
8.Approachability to each staff member during th journey (Individualized attention)					
9.Reactions towards urgent and emergency situations					
10.Up-to date technology					
11.Staff members are dressed appropriately and clean.					
12.Physical facilities like transport,hotel,food etc					
13. Overall Process of company is kept simple and accurate					
14.Customer convenience					
15. Over all, customers are Satisfied with the Service Quality of the company					

Part 03 : Comments

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**Thank you for the feedback!!!**

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## **Appendix B : Interview Questions**

Participant Name .....

**The following are questions asked in open ended interview method. In order to get an efficient and effective feedback from the customers who didn't take part in questionnaire filling but interested on interviews.**

1. What do you know about the new trends in travelling agency's ?
2. What do you mean as the good quality of service?
3. Are you aware on the any local or external regulations policy changes in travelling industry?
4. What are the biggest risks you see during the journey?
5. What do you think about the service staff behavior?
6. What are the places you rank as best or the most enjoyable during the journey?
7. What are the places you rank as most boring during the journey?
8. What are the new strategies that will be useful to the company in future?
9. If you are the owner of this company what do you think as the best way to reduce costs?
10. Are the staff members are polite and disciplined?

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**Appendix C: The copy of the service letter obtained from the Shanthi (Pvt) Ltd.**

## **Appendix D: Obtained data from the company database**

## **Appendix E: Obtained data from the company database**