

Functionality Critical for Online Travel Agencies

Website functionality is the key to online travel agencies attracting and retaining customers note the SHTM's Dr Nelson Tsang, Professor Rob Law and a co-author in a recently published research article. The researchers investigate the "underlying dimensions used by online customers to evaluate the e-service quality of online travel agencies" and identify six important factors that ensure customer satisfaction and heighten repurchase intention. Their findings, they note, have important implications for online agencies amid "technological changes and fierce competition within the tourism industry".

E-service Quality of Online Travel Agencies

With the increasing popularity of using the Internet to search for information and visualise travel products and services, travel agencies have developed websites to broaden the range of customers they can attract. This market is potentially huge, with online expenditure on travel expected to reach US\$153 billion per year in 2013. The key to capturing a share of that market, write the researchers, is to focus on improvements in e-service quality.

Defining e-service quality as a customer judgement of the "excellence and superior quality of e-service offerings", the researchers note that website visitors are likely to evaluate quality based on "the overall process and outcome" rather than any single feature. They are looking for ways to realise the potential benefits of the Internet, such as improved choice, ease of transactions and 24-hour operation.

Yet not all online agencies are conscientious about maintaining the appeal of their sites. What happens then, when e-service quality is lacking? As the researchers point out, "no amount of advertising or low prices can make up for service quality issues if they become too prevalent". They suggest that online travel agencies need to "pay attention to customer's details, investigate

what existing and potential customers' expectations for service quality are, understand their needs, and design an online service system that meets those needs and expectations".

A Hong Kong Perspective

With the aim of providing a customer perspective on e-service quality in Hong Kong, the researchers conducted a focus group interview with seven online customers aged between 20 and 25. This range matched the statistical profile of more than 90% of Internet users in Hong Kong. The interview identified eight broad dimensions of e-service quality: ease of use, information/content, fulfilment, responsiveness, security and privacy, visual appeal, personalisation, and community.

The researchers then incorporated those dimensions into a pilot-tested questionnaire with which they conducted a web-based survey. The first section of the questionnaire collected general information and the second measured actual perceptions of e-service quality. The third section examined the "overall level of satisfaction with the online travel agency" and the fourth collected the respondents' socio-demographic information

Of those who responded, slightly more than half were male, with a preponderance aged between 26-35. Most of the respondents had received tertiary education, and a great majority of them had been using the Internet for 6 years or more.

The Quality Dimensions that Matter

From the original eight broad dimensions the researchers identified six more specific factors that influence customer satisfaction and repurchase intention. In terms of satisfaction, the respondents identified website functionality, information content and quality, and safety and security as the most significant influences. Repurchase intention was most affected by website

functionality, information content and quality, and safety and security.

As an initial observation, it seems that the appearance of a travel agency website is not likely to influence potential customers. Yet the researchers suggest that this is likely to be a relative assessment – “aesthetics act as a hygiene factor, affecting customer satisfaction only when the visual appearance of a website is very poor”. The respondents also rated responsiveness and fulfilment quite low, with the researchers reasoning that “online travel agencies in Hong Kong rarely fail to fulfil customer expectations”.

In contrast, the respondents rated website functionality as the most significant of their considerations when assessing the e-service quality of travel agency websites. This factor includes useful search functions, the ability to compare prices and easy to find information – features that determine the user-friendliness of a site. To strengthen their market shares, agencies should work to minimise the technical difficulties involved in using their sites, suggest the researchers, and provide “innovative tools to support customers”.

Information quality and content were the second most important elements of e-service quality according to the respondents. This dimension is fundamental to buying because difficulties in finding useful information inevitably dissuade potential customers from making purchases. Its relatively high ranking, note the researchers, validates the efforts “made by online travel agencies to integrate more content and information into their websites”.

The respondents rated safety and security the third most important dimension, indicating the significance of “how a website proves its trustworthiness”. This has been a particular concern in Hong Kong, especially in relation to credit-card use, but the researchers write “growing numbers of customers in Hong Kong are accustomed to online transactions”. Yet agencies, they caution, still need to adopt “strict security policies”, and customers remain concerned about “the likelihood that online

stores will sell their information to other organisation without their acknowledgement or permission”.

The significance of the final important dimension of e-service quality, customer relationship, might seem self-evident – better customer relations usually create satisfied customers. Yet the ways in which customer relations can be improved might not be so obvious. The researchers suggest that travel agency websites should use live chat services for instant feedback, travel blogs and proximity searches.

Differentiating in the Competitive Market

The overall aim should always be to enhance agency competitiveness and customer awareness of what the agency has to offer. In that sense, improvements in e-service quality are avenues of differentiation in an increasingly aggressive market that allows potential customers a wide range of choice. When online travel agencies pay attention to the elements that work to shape customer satisfaction and repurchase intention the ultimate beneficiary is, of course, the bottom line.

Points to Note

- The Internet is becoming an increasingly important source of travel agency business.
- The e-service quality of online travel agency websites is crucial to customer satisfaction and repurchase intention.
- Customers find website functionality and information quality and content the most important when judging e-service quality.
- Overall, e-service quality is an avenue of online travel agency differentiation.

Tsang, Nelson Kee Fu, Lai, Michael T. H. and Law, Rob (2010). “Measuring E-Service Quality for Online Travel Agencies”, *Journal of Travel and Tourism Marketing*, Vol. 27, pp. 306-323.