

Revisiting the quality-value-satisfaction-loyalty chain for corporate customers in the travel agency sector

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Abstract

Most traditional travel agencies offer their services to corporate clients, although literature focuses on end customers. This paper addresses this research gap but also aims at bridging the gap between B2C and B2B literature. Specifically, the authors revisit the Quality-Value-Satisfaction-Loyalty chain, a well-established postulate from the B2C literature in tourism, but adding Trust and Commitment as mediating variables between Satisfaction and Loyalty to adapt the chain to the B2B context. Using PLS-SEM, the analysis of data confirmed the Service Quality - Customer Value - Customer Satisfaction - Trust/Commitment - Customer Loyalty chain for corporate customers.

Keywords: quality-value-satisfaction-loyalty chain; trust; commitment; travel agencies; industrial clients

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Introduction

Nowadays traditional travel agencies operate in a complex, dynamic, and uncertain environment that is increasingly competitive (Aguiar *et al.*, 2016). Consequently, the results of travel agencies depend on their abilities to provide higher value-added services and capture market loyalty (Lewis *et al.*, 1998). Literature analyses the relationships of travel agencies with their customers, but it focuses on the relationships with end customers (e.g. Lai, 2014; Moliner *et al.*, 2007a, 2007b; Sánchez *et al.*, 2006). Although most travel agencies offer their services also to corporate customers, that is, to other companies that do business travel, to our knowledge no research analyses the relationships of travel agents with this type of customers in B2B contexts.

The B2B context, and in particular the services that travel agencies offer to corporate clients, has a series of characteristics that distinguish it from B2C. More precisely, the characteristics of B2B include: a small number of customers, service encounters that tend to be more frequent and customized (Narayandas, 2005), more professional personal interaction with enhanced technology support (Hooks & Higgs, 2002), closer and deeper interfaces (Mehta & Durvasula, 1998), and customers providing significant value to the global business (McNamara, 1972). Moreover, and unlike end customers, corporate customers tend to be guided mainly by rational criteria due to the complexity of decision-making processes on purchase agreements, which sometimes may be very large, and pressure from the purchasing department or organizational objectives of the company (Corsaro & Snehota, 2010; Flint *et al.*, 2002).

This paper aims at revisiting a well-established postulate from the B2C literature in tourism: the Quality-Value-Satisfaction-Loyalty (Q-V-S-L) chain. Moreover, this paper also aims at testing its applicability in a B2B environment, and more specifically in the relationship between traditional travel agencies and corporate clients. For this purpose, new mediating variables between Satisfaction and Loyalty are added: Trust and Commitment, two variables of historical (Anderson, 1995; Morgan & Hunt, 1994) and continuous consensus (Ferro *et al.*, 2016) in industrial marketing in terms of its importance to the success of a relationship (Berry, 2002). This way, the construction of Loyalty towards the corporate client of a travel agency is proposed as a concatenation of key variables in the relationship between companies.

There is a broad consensus on the Q-V-S-L chain (Boksberger & Melsen, 2011; Cronin *et al.*, 2000; Gallarza *et al.*, 2011) in the literature on consumer behaviour (B2C). As the reviews by Gallarza *et al.* (2017) and Oh and Kim (2017) show, this chain has also been widely tested in tourism. The initial effects of high perceived quality (efficiency, accessibility, reliability) impact on the perceived value of the relationship. This also results in higher customer satisfaction, which finally leads to greater loyalty (expressed as a predisposition to repurchase and recommendation).

Given the uniqueness of the B2B context with respect to the B2C context, this Q-V-S-L chain, in addition to including Trust and Commitment as variables mediating between Satisfaction and Loyalty, in the corporate market could present other differences with respect to consumer markets. The literature on B2B relationships recognizes the interactions among Quality, Value, Satisfaction, Trust, Commitment, and Loyalty for corporate customers. Nevertheless, to our knowledge, these interactions have not been verified as a chain of effects. B2B literature highlights that Quality influences Value (Jayawardhena, 2010; Roy *et al.*, 2019), Value influences on Satisfaction (Eggert & Ulaga, 2002; Lam *et al.*, 2004; Ruiz-Molina *et al.*, 2015), and Satisfaction influences Loyalty (Lee *et al.*, 2019; Lam *et al.*, 2004). Furthermore, B2B literature suggests that Trust and Commitment are key mediators between Satisfaction and Loyalty

(Chumpitaz & Paparoidamis, 2007), and also indicates that Trust influences Commitment (Chumpitaz & Paparoidamis, 2007; Morgan & Hunt, 1994).

On the other hand, and considering the aforementioned disagreement in B2C and B2B literature regarding Value (Mencarelli & Rivière, 2015) in the context of retailing (Dant & Brown, 2008), this paper tries to respond to the needs of research that consider B2B relationships as areas of key interest for the coming decades (Krafft et al., 2015; Watson et al., 2015).

According to the literature review, a research model was developed. The following hypotheses (H) were established (Figure 1):

- H1: Service Quality directly and positively affects Customer Value of corporate customers of travel agencies*
- H2: Customer Value directly and positively affects Customer Satisfaction of corporate customers of travel agencies*
- H3(a): Customer Satisfaction directly and positively affects Trust for corporate customers of travel agencies*
- H3(b): Customer Satisfaction directly and positively affects Commitment of corporate customers of travel agencies*
- H4: Trust directly and positively affects Commitment for corporate customers of travel agencies*
- H5(a): Trust directly and positively affects Customer Loyalty of corporate customers of travel agencies*
- H5(b): Commitment directly and positively affects Customer Loyalty of corporate customers of travel agencies*

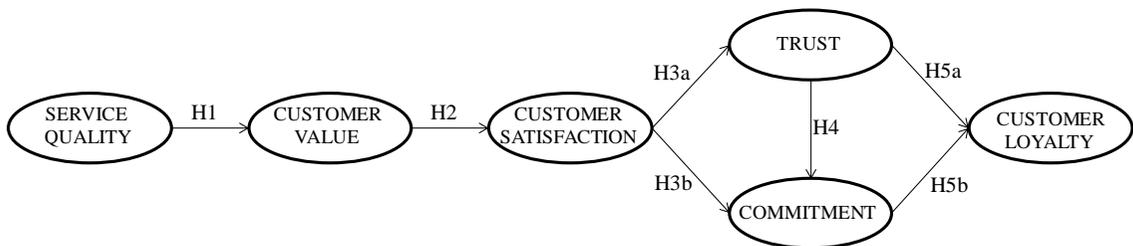


Figure 1. *Research Model*

This study aims at increasing our understanding of the chain of effects that determine customer loyalty in the context of travel agents and corporate customers. Moreover, the results may help provide traditional travel agencies with recommendations. Travel agencies could, therefore, use these recommendations to develop more appropriate marketing strategies to maintain a strong customer base.

Method

A survey was conducted for corporate customers of one of the largest travel agencies in Spain. Spain was chosen as this country has the most competitive tourism industry in the world according to the latest Travel & Tourism Competitiveness Index from the World Economic Forum (2017).

The questionnaire was designed using scales adapted from previous studies in tourism services and B2B contexts. The scale of Service Quality was adapted from the scale proposed by Sánchez et al. (2006) to be used in the purchase of a package tour at a travel agency. The scale of Value was adapted from Gallarza and Gil-Saura (2006). Regarding the measurement of Satisfaction, the items proposed here

were adapted from Cronin *et al.* (2000). Trust and Commitment scales were adapted from Ferro *et al.* (2016). Finally, Loyalty was measured with the 5-item scale by Zeithaml *et al.* (1996). All items were measured using a 5-point Likert scale. Classification variables were included at the end of the questionnaire.

In winter 2019, initial telephone contact was made using a data panel of 120 corporate customers from the chosen travel agency, offering them the possibility of completing the survey either by phone or online. Finally, 51 questionnaires were returned, achieving a response rate of 43.22%. In all the cases, the respondent was the person responsible for the decision to hire the services of the travel agency. The sample was quite balanced with regard to gender: 50.98% were men (Table 1).

Table 1. *Sample's Characteristics*

Gender	n	%	Turnover	N	%
Male	26	50.98	Up to 1,000,000€	11	21.57
Female	25	49.02	1,000,001€ to 3,000,000€	4	7.84
Age	n	%	3,000,001€ to 6,000,000€	4	7.84
Less 25 years	1	1.96	6,000,000€ to 10,000,000€	1	1.96
25 to 35 years	5	9.80	10,000,001€ to 15,000,000€	1	1.96
36 to 40 years	5	9.80	15,000,000€ to 20,000,000€	1	1.96
41 to 45 years	14	27.45	20,000,001€ and over	16	31.37
46 to 50 years	16	31.37	Don't know / did not answer	13	25.49
51 to 55 years	8	15.69	Travel management department	N	%
56 to 60 years	2	3.92	No	30	58.82
Sector	n	%	Yes	20	39.22
Manufacturing	7	13.73	Don't know / did not answer	1	1.96
Agriculture	6	11.76	Agency XYZ as the main supplier	N	%
Food and Beverages	3	5.88	No	3	5.88
Construction	3	5.88	Yes	45	88.24
Consultancy	3	5.88	Don't know / did not answer	3	5.88
Education	3	5.88	Time hiring with agency XYZ	N	%
Electronics	2	3.92	Less than a year	2	3.92
Leisure	2	3.92	1 to 2 years	3	5.88
Chemical	2	3.92	3 to 5 years	14	27.45
Health	2	3.92	6 to 10 years	9	17.65
Services	2	3.92	More than 10 years	20	39.22
Telecommunications	2	3.92	Don't know / did not answer	3	5.88
Others	14	27.44	Contact frequency with agency XYZ	N	%
Number of workers	n	%	Once a year	0	0.00
1 and 5 workers	4	7.84	Once each six months	1	1.96
6 and 10 workers	2	3.92	Once each three months	4	7.84
11 and 20 workers	5	9.80	Once a month	4	7.84
21 and 50 workers	6	11.76	Once a week	10	19.61
51 and 100 workers	7	13.73	Daily	30	58.82
More than 100 workers	27	52.94	Don't know / did not answer	2	3.90

The age range of the majority of respondents was 41-50 years (58.82%) and belonged to companies from very different sectors. In general, these companies had more than 100 workers (52.94%), and among those that provided information on the turnover level, the majority (60.53%) had revenues of more than

€3 million. Moreover, in most cases, the selected travel agency was the main provider of agency services (88.24%), the company has been hiring products or services through this travel agency for more than 5 years (56.87%), and the contact with the travel agency to hire their products or services occurred on a daily basis (58.82%).

Results

As Anderson and Gerbing (1988) suggest, a two-step procedure was used to test the model: measurement model and structural model.

Measurement Model

The reliability of the indicators was confirmed, showing loading values greater than the threshold value of 0.707 (Table 2). The composite reliability, with values greater than 0.70, confirmed the internal consistency of each construct. Moreover, Cronbach's Alpha also showed values above the threshold value of 0.7. Convergent validity was confirmed with values of average variance extracted (AVE) greater than 0.5. Finally, AVE square root for each construct was greater than its correlations with other constructs, and discriminant validity was confirmed.

Structural Model

Figure 2 shows the results of the structural evaluation. All the endogenous constructs of the model, with R^2 values ranging from 0.220 to 0.490, show acceptable predictive levels. The proposed model explains 49% of the variance of Customer Loyalty. According to the path significance analysis, all hypotheses are supported.

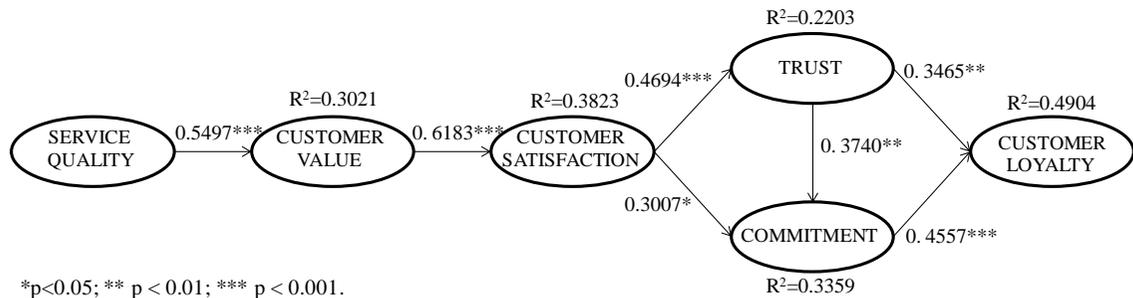


Figure 2. Results of the PLS Analysis

Our results confirm the Q-V-S-Trust/Commitment-L chain in a B2B environment. The strongest link is between Value and Satisfaction (0.6183, $p < 0.001$), followed by the link between Quality and Value (0.5497, $p < 0.001$). Moreover, the S-Trust/Commitment-L chain shows pretty balanced links. More specifically, the link between Satisfaction and Trust (0.4694, $p < 0.001$) is slightly stronger than the link between Satisfaction and Commitment (0.3007, $p < 0.05$). However, the link between Trust and Loyalty (0.3465, $p < 0.01$) is slightly weaker than the link between Commitment and Loyalty (0.4557, $p < 0.001$). In this case, it is necessary to consider that Trust significantly influences Commitment (0.374, $p < 0.01$).

Table 2. *Assessment of the Measurement Model*

Factor	Mean	Standard Deviation	Loading	Cronbach's α	Composite Reliability	AVE
SERVICE QUALITY				0.829	0.887	0.660
The products or services purchased were well organised	4.64	0.480	0.785			
Relative to products or services provided by other agencies had an acceptable level of quality	4.68	0.466	0.757			
The quality of the services provided by XYZ was maintained throughout	4.62	0.485	0.846			
The result was as expected	4.70	0.500	0.856			
CUSTOMER VALUE				0.888	0.931	0.817
Overall, the value of the services provided by XYZ is adequate	4.48	0.500	0.897			
I consider that my experience with the services of XYZ is good comparing what I gave up and what I received	4.50	0.608	0.909			
The experience with XYZ has satisfied my needs and wants	4.56	0.535	0.906			
CUSTOMER SATISFACTION				0.920	0.950	0.862
My choice to purchase in XYZ has been a wise one.	4.52	0.538	0.930			
I did the right thing when I purchased at XYZ	4.50	0.539	0.942			
The experience with XYZ has been exactly what I needed	4.50	0.539	0.913			
TRUST				0.771	0.869	0.689
I can rely on XYZ to keep promises made to me	4.62	0.485	0.872			
I are not hesitant to do business with XYZ even when the situation is vague	4.32	0.705	0.744			
XYZ is trustworthy	4.76	0.427	0.867			
COMMITMENT				0.952	0.960	0.912
I intend to do business with XYZ well into the future	4.38	0.629	0.936			
I am dedicated to continuing doing business with XYZ	4.32	0.676	0.967			
I am resolute about my future intent to do business with XYZ	4.28	0.749	0.962			
CUSTOMER LOYALTY				0.906	0.931	0.733
I say positive things about XYZ to other companies	4.34	0.651	0.854			
I recommend XYZ to companies seeking my advice	4.40	0.600	0.943			
I encourage other companies to do business with XYZ	4.16	0.833	0.918			
I consider XYZ as my first choice to purchase tourism products and services	4.40	0.721	0.686			
I will do more business with XYZ in the next few years	4.38	0.797	0.855			

Conclusion

To our knowledge, this research is one of the first studies that explore the relationship between travel agencies and their corporate customers. Moreover, and aiming at bridging the gap between literature on B2C and B2B, as suggested by Mencarelli and Riviere (2015), this paper confirms empirically the Q-V-S-L chain using all the knowledge generated in the B2C literature in general, and particularly in the literature on tourism. However, this study adapts it to the B2B context by introducing the variables Trust and Commitment into the chain, mediating between Satisfaction and Loyalty. The literature in B2B contexts recognizes the interactions between the variables analysed here, but to the best of our knowledge, these interactions have not been tested as a chain of effects.

Our results show that travel agencies do not only need to provide a high-quality service that results in a greater value, which also turns into greater satisfaction, but it is also necessary that travel agencies develop relationships of trust and commitment to make corporate clients more loyal.

This research has however some limitations. First, the empirical study is limited to a single company, evaluating its relationships with 51 clients in a single geographical area. Consequently, the results are difficult to generalize. Future research could consider expanding the analysis to other companies and regions to validate our findings. Second, the empirical study has not measured moderating effects. Future lines of research could explore the effect of variables such as the duration of the relationship or the turnover level.

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