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Article in Journal of Applied Business Research (JABR) · March 2016

DOI: 10.19030/jabr.v3i2.9595

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Customer Retention Strategies For Disintermediated Travel Agents: How To Stop Customers From Migrating To Online Booking Channels

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ABSTRACT

Remaining relevant to customers and retaining customers who could consider booking online, requires travel agents to modify their marketing strategies. Travel agents need to find new ways to add value for customers and suppliers to reinstate their roles in the travel distribution process and ultimately retain their customers. A total of 600 travel agencies in South Africa participated in the study through the completion of an online survey. The data analysis technique used for the study was path analysis. The findings stipulate that travel agency owners and managers believe that providing differentiated products to their leisure customers, is the key to winning back lost customers and keeping existing customers. Travel agency owners and managers further indicated that this is an existing reintermediation strategy that they plan to practise in the future as well. It is therefore recommended that travel agents focus on delivering high-quality service to win back lost customers and thus reintermediate their businesses.

Keywords: Disintermediation; Reintermediation; Customer Retention; Marketing Strategies; Travel Agents

INTRODUCTION

The global travel industry has been at varied stages of transition over the last decade. The travel industry operates in a competitive, volatile environment that is shaped by external forces (Lubbe, Endres, & Ferreira, 2006:35 and Wolfe, Kang, & Hsu, 2005:73). The volatility of this environment has developed due to high levels of technological advancement, declining economic conditions, increasing threats of terrorism and fierce competition in general (European Travel Commission, 2012:27; Garkavenko, 2007:140 and World Travel Market, 2010:25).

Statistics indicates that the travel and tourism industry generates approximately 11 percent of employment globally, making it the largest generator of jobs in the global marketplace (Kruger-Cloete, 2007:17). Travel agencies comprise a key component of world tourism and are vital in the distribution of tourism-related products and services (Thomson, 2008:2). The Internet has had a significant impact on the travel agency industry and has modified the way in which travel is sold (Dolnicar & Laesser, 2007:134 and Wolfe, et al., 2005:74). The World Travel Trends Report (2011/2012) indicates that the Internet accounts for nearly half of travel bookings made, while travel agents account for a third of all travel bookings, and the balance of travel bookings are made directly with hotels and airlines. The impact of customers purchasing tickets online is noted in the worldwide drop of travel agency air ticket sales (Shaw, 2007:214 and Wardall, 2006b:24).

Along with this technological change, the modern customer has also evolved. Time is money and the Internet has created a demand for instantaneous turnaround transactions (Salvado, Ferreira, & Costa, 2011:231). Traditional travel agencies have to redefine their roles as intermediaries by adding value in an alternative manner to still be included in the travel distribution process (Gaynor, 2006:11; Gerber, 2006:11 and Rutter, 2006:10). Remaining relevant to customers and retaining customers who could easily opt to book online, requires travel agents to modify

their marketing strategies. Travel agents need to find new ways to add value for customers and suppliers in to reinstate their roles in the travel distribution process and ultimately retain their customers.

LITERATURE REVIEW

The Evolution from a Disintermediation Approach Towards Reintermediation

Recent years (2000–2010) have seen changes in the intermediation process in the form of intermediaries being removed from distribution channels. This has been mainly due to suppliers attempting to cut costs and the introduction of the Internet (Hanson & Kalyanam, 2007:146; Kracht & Wang, 2009:744). These changes in the intermediation process have led to the much-discussed concept of disintermediation. Disintermediation refers specifically to customers dealing directly with manufacturers and bypassing traditional channel intermediaries (Ferrell & Hartline, 2008:275). Traditionally, it has been geographically impossible for suppliers to interact directly with their customers, hence the need for the intermediation function in a business. Suppliers of goods and services seek the most direct channels to the customer to achieve profitability objectives. Owing to technological advances, suppliers now have the option of transacting directly with their customers, thus often eliminating the need for intermediaries in the distribution process. The core rationalisation for the disintermediation process relates to costs of intermediaries versus the value that intermediaries provide (Ferrell & Hartline, 2008: 275).

Disintermediation has displaced many intermediaries who have had to find new ways to position themselves in the market, hence the introduction of reintermediation (Huang, Chen, & Wu, 2009:737). Reintermediation involves previously disintermediated middlemen offering a new value proposition to become part of the distribution channel again (Shunk, Carter, Hovis, & Talwar, 2007:249). This new value proposition often includes Internet activities (Cant, Strydom, Jooste, & Du Plessis, 2006:507). Therefore, travel agents who were a critical intermediary in the travel distribution process are now perceived as another costly intermedial layer by customers and suppliers alike. Travel agents need to find new ways to add value for customers and suppliers to reinstate their roles in the travel distribution process, and thus reintermediate their businesses. Through reintermediation, travel agents will be able to retain customers in the long term (Andreu, Aldas, Bigne, & Mattila, 2010:777).

Reintermediation Factors Leading to Customer Retention

Five potential reintermediation factors influencing customer retention have been identified in literature (ABTA, 2012:4; Grisseemann & Stokburger-Sauer, 2012:1483; Cheung, 2012:8 and Huang, Yung & Yang, 2011:142). Following the literature about the five potential reintermediation factors, is a discussion on customer retention and its importance to travel agencies. The first potential reintermediation and customer retention factor discussed is that of product knowledge.

Product Knowledge

Various studies have focused on the importance of service providers' knowledgeability and the influence (Spake & Megehee, 2010; Trivedi, Morgan, & Desai, 2008; Verbeke, Dietz, & Verwaal, 2010). Verbeke et al. (2010:17) emphasise that the absorptive learning ability of sales persons and their related cognitive aptitude are paramount in being able to sell products or services to customers. This leads to hypotheses 1 a and b for this article:

H0(1a): A significant relationship between travel agents' product knowledge and reintermediation is not evident in travel agencies.

H1a: A significant relationship between travel agents' product knowledge and reintermediation is evident in travel agencies.

H0(1b): A significant relationship between travel agents' product knowledge and customer retention is not evident in travel agencies.

H1b: A significant relationship between travel agents' product knowledge and customer retention is evident in travel agencies.

Following from product knowledge, is the potential reintermediation/customer retention factor of enhanced personal interaction with customers.

Personal Interaction

It has become important to understand the concept of customer intimacy or interactive behaviour with customers due to the decline of customer loyalty across sectors (Bove & Johnson, 2009:188). Extant literature advocates face-to-face interaction between service personnel and customers being the key to building and reinforcing customer relationships (Lloyd & Luk, 2011; Ple & Caceres, 2010; Spielman & Babin, 2011). It is believed that travel agents facing a reintermediation process need to enhance human interaction and consumer trust (Grissmann & Stokburger-Sauer, 2012:1483; Kracht & Wang, 2009:747). This leads to hypotheses 2 a and b for this article:

H0(2a): A significant relationship between travel agents' ability to interact personally with customers and reintermediation is not evident in travel agencies.

H2aA: significant relationship between travel agents' ability to interact personally with customers and reintermediation is evident in travel agencies.

H0(2b): A significant relationship between travel agents' ability to interact personally with customers and customer retention is not evident in travel agencies.

H2bA: significant relationship between travel agents' ability to interact personally with customers and customer retention is evident in travel agencies.

The discussion of personal interaction is followed by the concept of offering differentiated products as a means to reintermediate travel agencies and retaining customers.

Differentiated Product

Many authors agree that the key element on which travel agencies need to focus is the development of unique travel packages (Cheung, 2012:8; Kracht & Wang, 2009:751; Ku, Yang, & Huang, 2012:17). Travel entrepreneurs in the North American market have developed niches in the market, such as agencies that only sell island holidays, golfing or bird-watching packages, and even some that offer real estate touring (Turen, 2008:2). This leads to hypotheses 3 a and b for this article:

H0(3a): A significant relationship between travel agents offering a differentiated product to customers and reintermediation is not evident in travel agencies.

H3a: A significant relationship between travel agents offering a differentiated product to customers and reintermediation is evident in travel agencies.

H0(3b): A significant relationship between travel agents offering a differentiated product to customers and customer retention is not evident in travel agencies.

H3b: A significant relationship between travel agents offering a differentiated product to customers and customer retention is evident in travel agencies.

Delivering a high-quality of service is proposed to be the fourth factor in the reintermediation/ customer retention model.

High-Quality Service

Travel agency customers cite high-quality service as one of the most important criteria when selecting a travel agent (Wolfe, et al., 2005:73). Other authors concur and cite good-quality service as being the key to retaining or regaining customers (Frost, Nordlof, & Svesson, 2009:62). This leads to hypotheses 4 a and b for this article:

H0(4a): A significant relationship between the provision of high-quality service by travel agents and reintermediation is not evident in travel agencies.

H4a: A significant relationship between the provision of high-quality service by travel agents and reintermediation is evident in travel agencies.

H0(4b): A significant relationship between the provision of high-quality service by travel agents and customer retention is not evident in travel agencies.

H4b: A significant relationship between the provision of high-quality service by travel agents and customer retention is evident in travel agencies.

The factor that occupies the fifth in the proposed model is that of co-existing with technology.

Co-Existing with Technology

In the literature, the concept of travel agents aligning themselves technologically to satisfy the constantly evolving needs of customers is advocated (Salvado, et al., 2011:242 and Wang, Gal-Or, & Chatterjee, 2009:968). Garkavenko (2007:143) indicates that travel agents have a growing need to conduct business in cyberspace and they cannot afford not to embrace the Internet. Travel agents need to adopt continually innovative technologies to keep up with consumer technology and remain competitive. This leads to hypotheses 5 a and b for this article:

H0(5a): A significant relationship between travel agents who co-exist with technology and reintermediation is not evident in travel agencies.

H5a: A significant relationship between travel agents who co-exist with technology and reintermediation is evident in travel agencies.

H0(5b): A significant relationship between travel agents who co-exist with technology and customer retention is not evident in travel agencies.

H5b: A significant relationship between travel agents who co-exist with technology and customer retention is evident in travel agencies.

The five cited factors are proposed to influence reintermediation and customer retention in retail travel agencies in South Africa.

Customer Retention and Reintermediation

Prior research has established that customers are one of the most important assets that a business possesses (Schulze, Skiera, & Wiesel, 2012:17). Many businesses focus on trying to attract new customers as opposed to retaining existing customers (George, 2008:457; Ting, 2012:4551). Business researchers have been investigating the concept of how to retain existing customers for decades (Gustafsson, Johnson, & Roos, 2005:210; Nitzan & Libai, 2011:24; Reinertz, and Voss & Voss, 2008:6). Customer retention can be defined as ‘the number of customers doing business with a firm at the end of the financial year, expressed as a percentage of active customers at the beginning of the year’ (Buttle, 2009:258). Effectively, customer retention means customers continue to support businesses and thus demonstrate repeat patronage (Trassorras, Weinstein, & Abratt, 2009:628).

Customer retention is of particular importance to business managers and marketers as it allows for the calculation of a customer's lifetime value and this impact the profitability of the business (Nitzan & Libai, 2011:24). A five percent increase in customer retention can increase profits by up to 75 percent (Trassorras, et al., 2009:620).

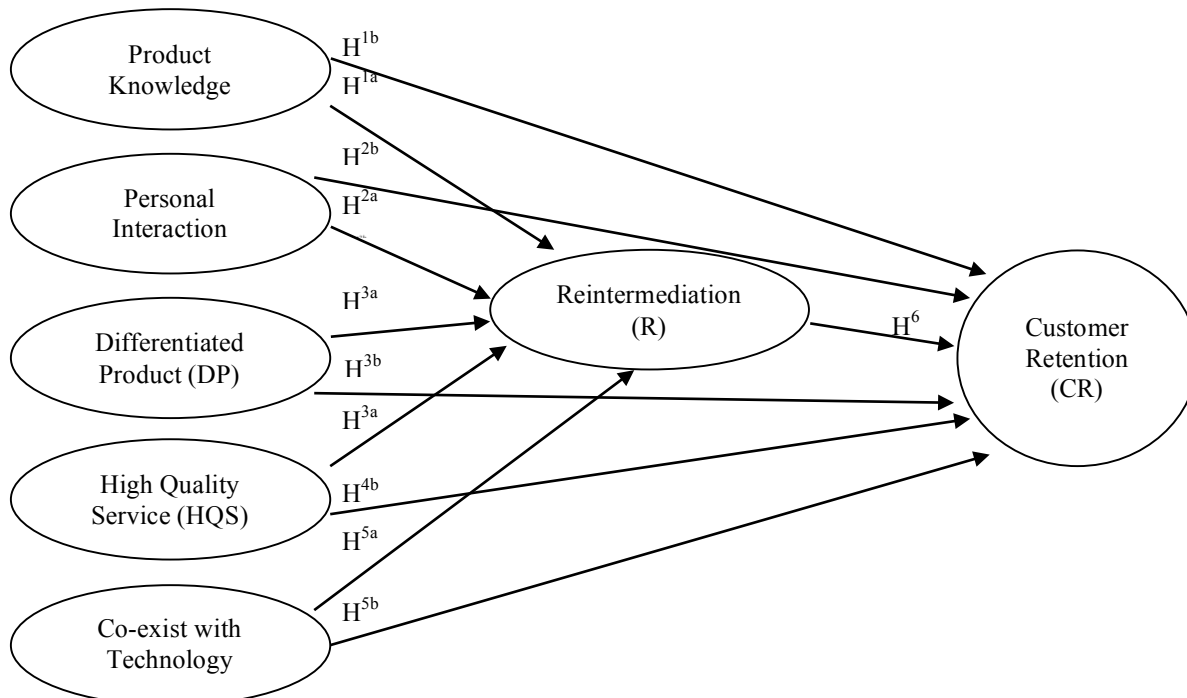
George (2008:457) and Ting (2012:4551) believe that retaining customers in the tourism industry is particularly difficult, because it is easy for customers to switch between airlines, hotels and travel agencies. Ahmad and Buttle (2002:151) argue that customers will only stay if a good value proposition is made to them. Trassorras, et al. (2009:615) concur and cite the delivery of value and keeping customers as key concerns in highly competitive markets, such as the travel industry. These authors suggest that businesses should focus on customer value and retention to increase or improve overall profitability (Trassorras, et al., 2009:615). They implicitly state that customer retention is impossible without creating superior value for customers first (Trassorras, et al., 2009:628). In the context of this study, this proposes that travel agents should offer their customers additional value in some form. It is through this additional value offered that travel agents will ultimately retain customers and thus reintermediate their businesses.

Reintermediation has evolved from a systematic cycle of intermediation, disintermediation, reintermediation and most recently, cybermediation. Through reintermediation, previously disintermediated middlemen now offer a new value proposition to become part of the distribution channel again (Shunk, et al., 2007:249). With this in mind, the relationship between reintermediation and customer retention can be hypothesised:

H0(6): A significant relationship between reintermediation and the retention of customers is not evident in travel agencies.

H6: A significant relationship between reintermediation and the retention of customers is evident in travel agencies. Figure 1 depicts the six hypotheses and thus the proposed reintermediation /customer retention model. Ultimately, a link is proposed between each reintermediation factor individually and in turn, reintermediation linking to customer retention. Alternatively, factors could directly influence customer retention and have no bearing on reintermediation.

Figure 1. Proposed theoretical reintermediation/customer retention model



Source: Developed for this study

PROBLEM INVESTIGATED

Traditional intermediaries are being faced with turbulent economic conditions in the marketplace, but they cannot stagnate and need to adapt marketing and business practices. Disintermediation has occurred in the travel industry and continues to alter the structure of travel distribution channels (Kracht & Wang, 2009:739). Travel agents have been disintermediated and, therefore, have to change the way in which their businesses are managed and marketed to combat this threat. Research to date has not provided compelling evidence and guidelines for travel agents to follow to reintermediate their businesses to retain customers. The research question therefore is what specific factors can be regarded as reintermediation and/or customer retention factors for travel agents, which will result in their long-term profitability. The literature on the travel industry and extant literature on the services industry postulate that the five factors could serve as reintermediation and/or customer retention strategies. This article specifically explores the relationship between these proposed factors and reintermediation or customer retention. The research objectives are set out in the following section.

Research Objectives

Emanating from the research problem, the research objectives for this study were as follows:

- To determine whether the Reintermediation or customer retention factors derived from the theoretical basis have a perceived influence on Reintermediation in travel agencies.
- To establish which of the identified Reintermediation or customer retention factors have the largest influence on Reintermediation and thus on customer retention in travel agencies.
- To ascertain which factors have the largest perceived impact on Reintermediation or customer retention in travel agencies.
- To make recommendations to the travel agency industry on their Reintermediation strategies to enhance customer retention in the industry.

RESEARCH METHODOLOGY

The study was quantitative and exploratory in nature and incorporated an electronically administered survey that was distributed to 600 travel agency owners and managers in SA. The population included all the travel agents registered with the Association of South African Travel Agents (ASATA) in South Africa, as well as travel agents listed in the electronic yellow pages. The target population for this study was therefore approximately 1 300 travel agencies in South Africa of which 600 were requested to participate in the completion of the questionnaire. Ultimately, a response rate of 25% was obtained for this study (n = 150).

A questionnaire was developed for the survey using multiple existing scales (Chau & Hu, 2001:707; Feltham 1994, cited in O'Bearden & Netemeyer, 1999:290; Lichtenstein, Ridgway, & Netemeyer 1993, cited in O'Bearden & Netemeyer, 1999:273; Lynn & Harris 1997, cited in O'Bearden & Netemeyer, 1999:101; Parasuraman, Zeithaml, & Berry, 1998:39; Reinartz, et al., 2004:303). A three-stage questionnaire design process was implemented, which incorporated two pilot studies and associated modifications to the questionnaire to ensure that the research instrument was sound. This process resulted in a five-page research instrument containing three sections being prepared for the study. The first section was an introduction to the study and the second section contained questions related to management biographical data and business demographical data. A ranking question relating to the reintermediation factors was located in the second section of the questionnaire. The third section comprised of 58 five-point double-sided Likert scales relating to the model being tested.

The data analysis strategy used for the survey incorporated descriptive and inferential statistical techniques. The core components of the inferential analysis consisted of exploratory and confirmatory factor analyses, structural equation modelling (SEM), correlation analysis, linear and mediation regression and lastly, path analysis. The difference between path analysis and structural equation modelling is that path analysis analyses relationships between variables at construct level, as opposed to structural equation modelling that deals with relationships at an item level. The use of path analysis was used in this study as path analysis modelling produced better-fit statistics

and higher correlation coefficients than SEM. Path analysis also allowed for the inclusion of more reintermediation variables in the models than SEM did. The following section outlines the findings.

DISCUSSION OF RESULTS

Reliability and Validity

The scales were regarded as reliable as the Cronbach's alphas ranged between .638 and .896. Concerning the exploratory factor analysis, three factors, namely product knowledge, personal interaction and co-existing with technology, proved to be uni-dimensional and the respective scale items remained unchanged. The factor loadings for the product knowledge items ranged from between .571 to .839, while the factor loadings for the personal interaction items ranged from .683 to .833 and the co-existing with technology items exhibit factor loadings that ranged from .481 to .865.

Factor loadings during the exploratory factor analysis regarding reintermediation, differentiated product, high-quality service and customer retention revealed that the validity of the respective scales was questionable, thus the scales required modification. After adjustments had been conducted, a confirmatory factor analysis was done. Ultimately, high-quality service and customer retention were each retained as single measures. Two factors, namely reintermediation and differentiated product split into subfactors, which resulted in the development of four measures. The reintermediation factor loadings across items in both measures spanned .704 to .825. With respect to the reintermediation construct splitting into two factors, the study that informed this article viewed reintermediation and validated reintermediation, as having a dual meaning. Reintermediation can either be regarded as winning back lost customers that have been lost due to disintermediation (R1) or as adapting business processes to retain customers (R2).

Furthermore, it can be noted that the differentiated product has also been split into two, namely a differentiated product factor specifically for corporate customers, and a differentiated product factor for leisure customers. With respect to the differentiated product corporate items factor loadings, items ranged from .398 to .827, while the differentiated product leisure items ranged from .489 to .805. The modified scales were re-tested for reliability and all displayed Cronbach's alpha scores of over .600. Table 1 provides an overview of the final Cronbach's alpha values for the different scale items.

Table 1. Reliability Statistics

Scale (Items)	Cronbach's Alphas
Reintermediation (9)	.870
High-quality service (11)	.876
Differentiated product (6)	.705
Product knowledge (5)	.791
Personal interaction (5)	.896
Co-existing with technology (5)	.827
Customer retention (6)	.780

Table 2 proceeds with confirming construct validity with an indication of factor loadings per statement in each construct.

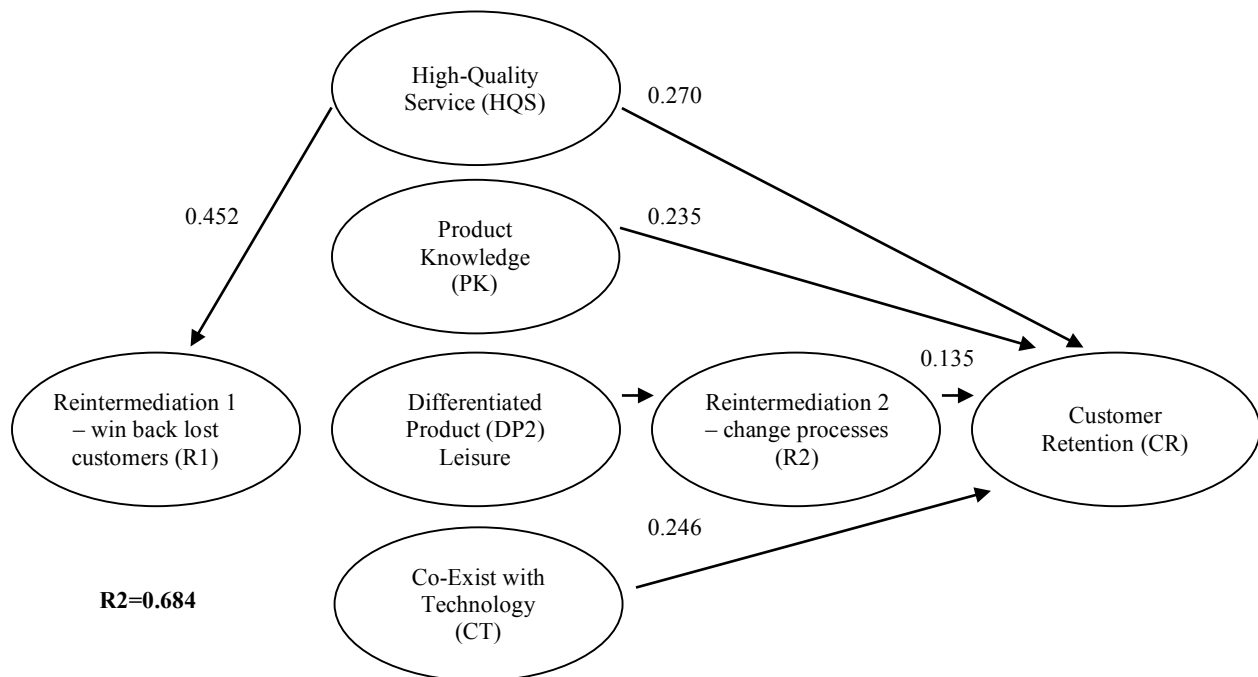
Table 2. Confirmatory Factor Analysis Results

Factors and Statements	Factor loading
Reintermediation 1	
B26 Our travel agency has developed a system for interacting with inactive customers.	.800
B12 Our travel agency has a systematic process/approach to re-establish relationships with valuable customers whom we have lost.	.803
B61 Our travel agency has a systematic process for re-establishing relationships with valued inactive customers.	.825
B7 Our travel agency has a system in place to be able to interact with customers who are no longer using our service.	.809
Reintermediation 2	
B53 Our travel agents have modified their operations to compete effectively with customers making travel arrangements independently on the Internet.	.704
B63 Our travel agency has developed new strategies to attract new customers who currently make independent bookings online.	.730
B56 The ability of customers to make their own travel arrangements on the Internet has forced our agents to offer customers additional value (in some form).	.426
High-quality service	
B9 Customers feel safe in their transactions with our travel agents.	.709
B10 Our travel agents are polite.	.703
B8 Management at our travel agency trusts its employees.	.647
B23 Our travel agents are sympathetic and reassuring towards customers and their problems.	.596
B24 Our travel agents are reliable.	.699
B5 Our travel agents keep accurate records.	.500
B32 Our travel agency employees are well-dressed and appear neat.	.546
B60 When our travel agents promise to do something by a certain time, they do so.	.625
B52 Our travel agents deliver prompt service to customers.	.688
Differentiated product 1	
B31 The majority of our corporate customers like to try new travel products and services.	.827
B16 The majority of our corporate customers enjoy buying travel products that are different and unusual.	.563
B25 The majority of our corporate customers often want customised features for their travel products and services.	.398
Differentiated product 2	
B29 The majority of our leisure customers prefer custom-made travel packages as opposed to ready-made travel packages.	.805
B2 The majority of our leisure customers prefer to travel to unique travel destinations.	.489
B62 The majority of our leisure customers are attracted to different travel products and services.	.608
Product knowledge	
B46 Our travel agents are informative.	.839
B28 Our travel agents provide innovative solutions.	.586
B11 Our travel agents are knowledgeable.	.593
B34 Our travel agents are rational.	.577
B58 Our travel agents are credible.	.571
Personal interaction	
B15 Our travel agents stimulate customers emotionally about their travel plans.	.833
B27 Our travel agents emotionally move customers who plan to travel.	.806
B4 Our travel agents stir the emotions of their customers.	.739
B1 Our travel agents excite customers about their travel plans.	.691
B30 Our travel agents reach out to customers emotionally.	.683
Co-exist with technology	
B14 Using technology fits with our travel agency's business needs.	.865
B13 Our travel agents find technology easy to use.	.833
B35 Using technology fits in with the way our travel agents work.	.653
B6 Our travel agents use technology for customers as often as is needed.	.683
B38 To the extent possible, our travel agents use technology in customer service.	.481

(Table 2 Continued)

Customer retention	
B55 Our travel agency systematically attempts to manage the expectations of high-value customers.	.729
B49 Our travel agency maintains interactive two-way communication with our customers.	.755
B36 Our travel agency builds long-term relationships with our high-value customers.	.624
B20 Our travel agency integrates customer information across customer contact points (e.g. mail, telephone, Web, fax, face-to-face).	.530
B51 Our travel agency actively stresses customer loyalty or retention programmes.	.492

After having established validity and reliability of the construct measurements, further analysis was conducted with the resultant effect being the empirical model depicted in Figure 2.

Figure 2. Final empirical model

Source: Developed for this study

After having mapped out the empirical model via path analysis, the levels of significance for each relationship between variables needs to be measured. This is evidenced in the form of path coefficients and p-values, as indicated in Figure 2 and Table 3.

Table 3. Summary of the seven significant relationships in the empirical model

No.	Factor (strongest to weakest coefficients)	Path coefficients	P – values
1	Reintermediation 1: high-quality service	.452	.022
2	Reintermediation 2: differentiated product (leisure)	.345	.001
3	Reintermediation 1: differentiated product (leisure)	.324	.000
4	Customer retention: high-quality service	.270	.010
5	Customer retention: co-exist with technology	.245	.000
6	Customer retention: product knowledge	.235	.016
7	Customer retention: reintermediation 2	.135	.013

The model was tested in its entirety with fit statistics. Table 4 shows the various results regarding the overall fit of the model.

Table 4. Fit statistics for the Empirical Model

Index	Result
Bentler-Bonett normed fit index (NFI)	0.949
Comparative fit index (CFI)	0.946
Bollen's (IFI) fit index	0.950
Root-mean-square residual (RMR)	0.020
Standardised RMR (SRMR)	0.034

Following the fit statistics is a discussion on the rejection and acceptance of the hypotheses.

Accepting or Rejecting the Formulated Hypotheses

As per Figure 2 and Table 3, acceptance of the null hypotheses for 1a, 2a, 2b, 3b and 5a took place whilst the alternate hypotheses for 1b, 3a, 4a, 4b, 5b and 6 were accepted. These findings translate into the following results: High-quality service, product knowledge and co-existing with technology are essential in terms of customer retention for travel agencies. Whereas differentiated product (leisure) and high-quality service are necessary for travel agencies to reintermediate their businesses.

High-quality service specifically refers to reintermediating the business by winning back lost customers, and differentiated product (leisure) refers to adapting business processes to reintermediate businesses and retain customers. High-quality service is a strong overriding factor that influences both Reintermediation 1 (winning back lost customers) and customer retention. High-quality service can, therefore, be seen to be an important solution to winning back lost customers and ultimately retaining customers. The results also point out that co-existing with technology and product knowledge has no significant relationships with either of the Reintermediation constructs. Differentiated product (leisure) has a significant relationship with Reintermediation 1, and in turn Reintermediation 2 has a significant relationship with customer retention. In addition to this, the empirical model indicates that Reintermediation 2, specifically modifying business processes to adapt to changing customer needs, is considered important to retain customers in the modern economy. Management implications and recommendations regarding the findings are adopted in the following section.

CONCLUSIVE FINDINGS AND MANAGEMENT RECOMMENDATIONS

A summary of the findings indicates that the factor that provided the most significant path relationships was that of high-quality service, which proves to have a strong relationship with Reintermediation 1 and customer retention. Differentiated product (leisure) proved to be the second most important factor of importance to travel agency owners/managers in terms of reintermediating their businesses, as it had significant relationships to Reintermediation 1 and Reintermediation 2. The other independent factors in the model each had at least one significant relationship with each of the dependent variables. For example, co-exist with technology has a relationship with customer retention, and product knowledge also has a relationship with customer retention. Finally, there is a significant relationship between Reintermediation 2 and customer retention, which is of the utmost importance as it creates a causal connection and assists in meeting the objectives of the study conducted.

The results of the study reveal that travel agency owners and managers believe that providing differentiated products to their leisure customers is the key to winning back lost customers as well as keeping existing customers. Agency owners and managers indicated that this is an existing reintermediation strategy and an important strategy they plan to practise in the future too. Furthermore, the results indicate that travel agents believe that delivering high-quality service is important to win back lost customers and thus reintermediate their businesses.

Co-existing with technology is revealed to be an important customer retention factor and travel agents are currently using technology as a tool to change the way in which they conduct their business practices to retain customers. Figure 2 indicates that travel agents' knowledge regarding travel products and services has no significant influence on the agent's ability to reintermediate their respective travel agencies, but has a direct influence on customer retention. The final relationship of significance that should be noted is the one that exists between customer retention and Reintermediation 2 (changing business processes). This final result indicated that travel agencies need

to change business processes to reintermediate their businesses and retain customers in the long term. Personal interaction between customer and agent in the travel industry has no significant influence on the agent's ability to reintermediate their respective travel agencies, and does not appear in the empirical model.

In line with the findings, the recommendations are provided in an order ranging from the most important customer retention/reintermediation factor to the factor of least importance.

Differentiated Product (Leisure)

With respect to the first set of recommendations which relate to differentiated product, it should be noted that the variable relates solely to the leisure market segment. Therefore, all recommendations made in this regard are relative to leisure customers. The core recommendation to be made with reference to differentiated product relates to travel agencies needing to differentiate holiday products to attract leisure customers. Traditional holiday products and services, such as a local South African trip to Sun City in Gauteng or a vacation to Mauritius, can be booked as easily online as with a travel agent. Also, when the customer books these types of standard holidays online, there is no need for them to pay a service fee as they have to do with a travel agent.

Furthermore, travel agents should also be creating 'dynamically packaged' holidays that customers cannot buy online. Travel agents need to source flight specials, accommodation deals and sightseeing packages for different destinations and package them to create a unique travel product as opposed to relying on tour operators to carry out this function. Different, exotic locations are where travellers of today are seeking to travel. For example, touring the war tunnels in Vietnam to experience the history in Vietnam, or touring monasteries in Nepal on a spiritual journey. This recommendation suggests that travel agencies should reconsider the traditional distribution channel sales approach of selling packages and travel products from tour operators. The majority of tour operators now sell their products directly to the public, hence negating the need for a travel agent. By travel agents introducing and packaging travel products or tours, they will no longer need to use tour operators as such, and instead will be directly competing with tour operators.

Finally, differentiated leisure products should also be customised, value-added and unique to attract discerning leisure travellers to travel agents and away from online booking sites. Travel agents should also consider customising tour packages for travellers. In addition to focusing on niche market segments with differentiated products, travel agents should consider building customised travel packages for customers. This means tailoring a vacation specifically according to what a customer requires, including making all flight arrangements, hotel bookings, sightseeing excursions, vehicle hire and other transfers required, as opposed to relying on pre-packaged standardised tours. This type of customised package would obviously be most suited to the discerning traveller who is prepared to spend more money, as a complicated travel itinerary does require extensive time and effort on the part of the travel agent. Therefore, it will be necessary to charge higher service fees on these types of services.

High-Quality Service

As has been established, the provision of high-quality service is important for travel agents in South Africa to reintermediate their businesses and retain customers. Results indicated that high-quality service is the second most important reintermediation factor for travel agents to use to reintermediate their businesses and to retain customers. The three most important recommendations about high-quality service include that the provision of high-quality service cannot be considered a choice for travel agents in South Africa, but a necessity. Any hint of inferior service levels received by customers will result in a distrust of travel agents' services and competencies, leading eventually to a loss of customers. Travel agencies, therefore, need to consistently provide high service levels to keep loyal customers. Also, travel agents need to do more to ensure that their service levels are of an excellent high standard. Monthly customer satisfaction surveys should be conducted as well as biannual mystery shopper exercises with respect to both corporate and leisure travel requests. Customer satisfaction surveys should also cover all of the relevant service quality aspects such as levels of reliability, responsiveness, empathy, assurance and tangibles. Individual travel consultants in agencies should be tested on these various service aspects to ensure that the overall service levels delivered by the agency, are consistent. It is recommended surveys be conducted with corporate customers as well as leisure customers.

Co-Exist with Technology

The recommendation indicated in this section is related to the co-existence with the technology construct, which is the third most important customer retention/reintermediation factor for travel agents to use to reintermediate their businesses. If travel agencies are to reintermediate themselves and remain sustainable by retaining customers, they can no longer operate in the same way that they have been doing for the last few decades. The Internet has changed the travel landscape and travel agents need to adapt urgently. The following four recommendations can be made to travel agency managers, namely that travel agents move away from GDS technology and begin to harness online booking technologies. Outdated GDS systems, as well as the IATA structure and associated BSP system, which include expensive guarantees for ticket purchases as well as stringent financial criteria, are expensive liabilities for brick and mortar travel agents. These comprise liabilities that travel cybermediaries and online booking engines do not encounter. In line with the above recommendation, without GDSs, travel agents will need to develop expert skills regarding online booking channels. Their skills need to be far superior to those of the average traveller. Hence the traveller will opt to pay the travel agent to navigate the Internet for travel deals as opposed to doing it themselves. Travel agents should be able to navigate the Internet expertly to create differentiated or customised travel offerings.

In addition to this, travel agents will need to develop joint ventures and collaborations with online booking engines to maximise their presence on the Internet. In essence, they cannot be seen just to have a brick and mortar presence but an online presence as well, where customers can opt to book online with their preferred travel agency if they so wish. Further to this, travel agents who create differentiated products for leisure travellers should use the Internet to promote these products to attract a larger customer base than just their traditional type of customer. Travel agents offering specialised and customised travel packages need to sell their packages online, as this will then enable them to draw customers from all over the world. This opens up and expands their target market which will lead to increased revenue. In effect, the traditional travel agent thus becomes an international tour operator.

CONCLUSION

The purpose of the study was to develop a model to assist travel agents in South Africa in retaining customers within a disintermediation/reintermediation context. It is evident from the discussion that for travel agency owners/managers to retain customers, it is important that they focus on three specific factors. These factors are delivering continuous high-quality service, continuously maintaining a high level of product knowledge and finally, co-existing with technology to a large degree. It is essential that travel agents attempt to retain customers through these factors and even make attempts to ensure that these factors work in unison to retain customers, for example, differentiating products and delivering a high quality service through the use of technology. Further to this, additional research should be undertaken specifically regarding these three factors and how they can be harnessed to assist travel agents in retaining customers and thus remaining relevant in this modern age.

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