EXPLORING FACTORS INFLUENCING CUSTOMER LOYALTY TOWARDS TRAVEL AGENCIES IN AND AROUND PUNE CITY

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Introduction

This research explores customer loyalty to travel agencies, focusing on customers who have a minimum of 10 years of travel history and have planned trips consistently over the past 6 years, with at least 4 of these trips booked through the same travel agency.

In this context, a travel agency is defined as a platform, both online and offline that organizes domestic and international tour packages. These packages include group inclusive tours (GIT) and free independent traveller (FIT). Travel agencies provide services such as booking transportation, accommodations, and comprehensive travel experiences to ensure customer satisfaction.

Keywords: Customer Loyalty, Travel Agencies in Pune, Tourism

Tourism

Nowadays, everyone loves to travel, as it teaches us about diverse cultures and places. People may travel for different reasons: leisure, business, or adventure. Travelling breaks our routine, offers mental relaxation, and allows us to explore new destinations. Tourism, whether domestic or international, is travelling for enjoyment and personal growth. It can be costly, but the experience enriches our minds and souls.

History of the Travel Industry

Global Overview: The travel industry has evolved alongside human history. Ancient explorers, traders, and adventurers travelled by land and sea, discovering new lands and cultures. Significant trade routes like the Silk Route connected Asia, the Middle East, and Europe, facilitating the exchange of goods and ideas. European explorers like Columbus, Vasco da Gama, and Magellan expanded global knowledge during the Age of Exploration. The Industrial Revolution brought advancements like steamships and railways, making travel accessible. In the 19th century, Thomas Cook pioneered package tours, and the 20th century saw the rise of mass tourism due to innovations like commercial aviation. Today, sustainable tourism practices are prioritized, with technology and health measures shaping the future.

India's Travel Industry: India's travel industry has a rich history. During British rule, hill stations like Shimla became popular among officials. After independence, India focused on tourism development, with the establishment of the India Tourism Development Corporation in 1966. The 1990s saw growth in hospitality with international hotel chains and the emergence of online travel agencies. Today, India's tourism industry is diverse, catering to medical tourism, adventure travel, and cultural experiences. With its cultural heritage, festivals, and eco-tourism practices, India remains a popular destination globally.

Travel Industry in Pune

Pune is a major industrial hub in Maharashtra, known for its diverse industries, including IT, manufacturing, and education. The travel industry in Pune is active, serving both domestic and international tourists. Agencies arrange group tours and personalized packages, offering stays in premium hotels, sightseeing, shopping, and guided services. Pune's attractions include forts like Shaniwar Wada, religious sites like Dagadusheth Halwai Ganpati Temple, and natural spots like Khadakwasla Dam. It also serves as a gateway to nearby destinations like Lonavala and Mahabaleshwar. Business travel is significant, given Pune's industrial presence, with many accommodation and transport options for both leisure and business visitors.

Customer Service

Customer service is central to the tourism industry. With many choices available, customers judge a company by the treatment they receive. Good service creates satisfied customers who become loyal

to the company. Handling complaints professionally ensures customer retention, while happy customers promote the company through positive word-of-mouth.

Customer Loyalty

Loyal customers are highly valuable to a company. They tend to spend more and refer others, making customer loyalty crucial. Customer loyalty is an emotional connection shown through repeated engagement with a company. Building loyalty involves meeting customer expectations, creating positive experiences, and maintaining trust.

Factors Influencing Customer Loyalty

Several factors impact customer loyalty:

1. Convenience – Customers prefer accessible and readily available products and services.

2. Expectations – Consistently meeting expectations builds trust and loyalty.

3. Customer Service – Support and resolution of issues create lasting loyalty.

4. Personal Relationships – Positive interactions with representatives influence loyalty.

5. Rewards – Customers value rewards, which can encourage repeat business.

6. Reputation – A company's image in the media and community affects customer choices.

7. Community Outreach – Supporting customer causes and communities builds strong bonds.

This research examines the factors influencing customer loyalty towards travel agencies in Pune, focusing on service, reputation, relationships, and rewards. By understanding these factors, businesses can build strong customer relationships, enhancing satisfaction and fostering loyalty.

Research Objectives

1. Identify the key factors, such as customer service, reputation, personal relationships, and rewards that influence customer loyalty toward travel agencies from the customer's perspective.

2. Assess whether customer satisfaction with travel agency services significantly impacts customer loyalty, with a focus on customers in Pune City.

Hypotheses

1. Customer satisfaction with comprehensive services provided by travel agencies, including pre-trip planning, booking, and post-trip support, positively influences customer loyalty.

2. The reputation of a travel agency has a significant impact on customer loyalty, with higher satisfaction ratings increasing the likelihood of repeat business.

Research Methodology

Data collection included both primary and secondary sources, drawing from research papers, books, online portals, and questionnaires to gather comprehensive insights. Information gathered through questionnaires provided valuable perspectives on customer perceptions. Structured questionnaires were developed to collect primary data. Customers of Pune-based travel agencies who have used their services over the past 10 years were invited via email to participate in an online survey, with a total of 200 responses collected exclusively from Pune residents.

Literature Review

Customer Loyalty in the Tour Operator Industry (D. Snuverink, October 2017) – This study explored factors such as customer satisfaction, trust, communication, and social media engagement, finding that these elements can influence customer loyalty significantly.

Customer Loyalty in the Chinese Travel Agency Industry (Ran Wei, January 2020) – This research highlights the role of travel agencies as intermediaries, emphasizing that customer loyalty is crucial for sustained competitive advantage.

Loyalty Model Proposal for Travel Agency Customers (Andrzej Dudek, July 2019) – This paper establishes a model linking customer satisfaction to loyalty, emphasizing factors like service quality and communication.

The Relationship between Customer Loyalty and Customer Satisfaction (John T. Bowen, MCB University Press, 2001) – Bowen identifies a positive relationship between customer loyalty and profitability, indicating that loyal customers bring repeat business and reduce market costs.

Customer Satisfaction and Customer Loyalty (Kabu Khadka, Centria University of Applied Sciences, November 2017) – This paper discusses the foundational importance of trust, attraction, and commitment in customer satisfaction and loyalty.

Factors Affecting Customer Loyalty in Product Markets (Jeffery Ramdonny, February 2019) – The study emphasizes the importance of brand image, perceived quality, and customer satisfaction in shaping loyalty.

Factors Affecting Customer Satisfaction in Online Travel Agencies in India (Kavita Chauhan, July 2017) – This research uses the ACSI model to analyze customer satisfaction and highlights the role of expectations, perceived quality, and value.

Data Analysis

Researchers surveyed 200 individuals who have used travel agencies in Pune to understand their satisfaction levels, loyalty, and key factors that encourage them to return to the same agency.

Gender Distribution:

Out of 200 respondents, 52.5% were male, and 47.5% were female. This almost equal split means that feedback was gathered from both genders, offering a balanced view of satisfaction and loyalty.

Age Group Distribution:

Most respondents (66%) were in the 18-34 age group, showing that younger adults are more likely to use travel agencies. Numbers dropped in the older groups: 34-44 (18%), 45-54 (10%), 55-64 (3.5%), and above 66 (2.5%), suggesting younger people travel more often or prefer organized travel.

Professional Backgrounds:

Students made up the largest group of respondents at 40.2%, followed by professionals (25.6%), entrepreneurs (19.1%), homemakers (12.1%), and retirees (2%). This shows that students and professionals are the main users of travel agency services.

Frequency of Travel:

Travel frequency varied, with 32% traveling once a year, 38% twice a year, and fewer traveling every three months (18%), monthly (10%), or weekly (7%). Most customers travel occasionally rather than frequently.

Preferred Services:

Among travel services, tour packages were most popular (63%), followed by hotel bookings (43%) and flight bookings (30.5%). Smaller numbers chose cruise bookings (9.5%) or other services like bus and car rentals. This shows a preference for complete travel packages.

Initial Service Quality Ratings:

Customer service ratings were positive, with 38.5% rating the service "excellent" or "good," 21.5% rating it "average," and only 2.5% rating it "poor." This indicates that initial service quality is generally well-regarded.

Factors Influencing Customer Loyalty:

Customer loyalty is mostly influenced by good service (61%), followed by reputation (46%) and personal connections (38.5%). Smaller numbers valued rewards (14%) and personalization (7%), highlighting the importance of high-quality service.

Importance of Customer Service in Agency Selection:

When choosing a travel agency, 45.5% of respondents said customer service is "always important," and 28.5% said it is "sometimes important." A few (21%) felt it is "often overlooked," showing that most customers highly value good customer service.

Importance of Reputation in Agency Selection:

Reputation was "always important" for 40.7% of respondents but was "often overlooked" by 30.2%. This shows that while reputation is important, some people prioritize other factors like service quality.

Responsiveness of Service Staff:

Most respondents rated staff responsiveness positively, with 43% saying it was "very good" and 30% saying it was "quite good." A small number (3.5%) rated it poorly, indicating that responsiveness is a key satisfaction factor.

Clarity and Accuracy of Information Provided:

Many respondents (41.2%) believed agencies "always" provide clear and accurate information, with 29.6% saying they "often" do. Ensuring clear communication can build customer trust.

Incentives Received:

Half of the respondents said they received incentives from travel agencies, and half did not. Incentives could be an effective way to encourage loyalty.

Customer Satisfaction with Overall Service Quality:

Customer satisfaction was high, with 35% "satisfied" and 33.5% "very satisfied." Only 5.5% were "dissatisfied," suggesting that most customers are pleased with the service they receive.

Factors Influencing Future Agency Selection:

For future agency choices, 63.5% of respondents rated customer service as the most important factor, followed by reputation (44%) and personal relationships (45%), emphasizing the need for good service to retain customers.

Importance of Personal Relationships in Agency Selection:

Personal relationships were "always important" for 34.8% of respondents, and "sometimes important" for 29.3%. A smaller group saw this as less crucial, but building personal connections can help agencies keep customers.

Importance of Rewards in Agency Selection:

Rewards were valued, with 29.5% saying they are "always important," while others viewed them as "sometimes" or less important. Though rewards are nice, they are generally not as critical as service quality.

Essential Qualities in Agency Staff:

The most valued qualities in staff were knowledge (50.5%), security (55%), attentiveness (37.5%), and quick problem-solving (37.5%). Remembering customer names was also important, showing that customers appreciate knowledgeable, attentive, and responsible staff.

Suggestions from Respondents

1. Agencies should maintain consistent communication to build trust with customers.
2. Tours should be age-appropriate, with reasonable charges.
3. Loyalty programs could help retain customers.
4. Customer service should be more empathetic.

Statistical Tests

To test if customer loyalty to travel agencies in Pune is influenced by factors like satisfaction and reputation, two statistical tests will be used: **t-tests** and **chi-square tests**.

Hypothesis 1: Customers who are satisfied with the full range of services (planning, booking, and post-trip support) are more likely to stay loyal to their travel agency.

Hypothesis 2: A travel agency's reputation influences customer loyalty—better reputation leads to more repeat customers.

Methodology

Data Collection

Researchers gathered responses from 200 people who have used travel agencies in Pune. The survey asked about satisfaction with services, loyalty to the agency, and general opinions on what makes them return to the same agency.

1.   **T-Test for Hypothesis 1**:

o   This test will compare two groups: those who are satisfied with services and those who are dissatisfied. We'll check if there's a significant difference in loyalty between these groups.

o   If the result shows a difference ($p < 0.05$), we can say that satisfaction has a positive impact on loyalty.

2.   **Chi-Square Test for Hypothesis 2**:

o   This test will look at the relationship between agency reputation and customer loyalty.

o   By creating a table of reputation ratings and loyalty responses, we can check if better reputation is associated with higher loyalty.

o   If the result is significant ($p < 0.05$), we can conclude that reputation and loyalty are linked.

Summary of Results Interpretation

The tests will give us a **p-value** that tells us if the results are statistically significant. If the **p-value** is below 0.05:

•   For the **t-test**: it suggests that satisfaction influences loyalty.

•   For the **chi-square test**: it suggests that reputation affects customer loyalty.

Conclusion

1. The data reflects a range of travel habits influenced by individual preferences. The travel industry should cater to both occasional and frequent travelers.

2. Customer service and the reputation of the travel agency are the main drivers of customer loyalty, followed by personal connections, rewards, and customization, which play smaller roles.

3. Most tourists had a positive or satisfactory experience with the customer service team, though a small minority reported negative experiences.

4. Reputation is a key factor for most tourists when choosing a travel agency, though some may overlook it or find it less important. Customer service is also a priority for many tourists.

5. Generally, tourists had positive or neutral experiences with the agency's service team, showing an overall satisfactory service level.

6. Over 70% of tourists view travel agencies positively for providing clear and accurate information, while a minority (3.5%) expressed negative views.

7. The travel agency provided incentives to 50% of the tourists, while the other 50% did not receive any.

8. Most tourists were satisfied with the agency's services, though some remained neutral, and a small portion was dissatisfied.

9. The agency should focus on addressing the concerns of neutral and dissatisfied customers to improve overall satisfaction.

10. Customer service is the most critical factor for most tourists when selecting a travel agency, followed by personal relationships, agency reputation, and rewards. Affordability and availability are less influential in their choices.

11. Personal relationships are valued by many tourists when choosing a travel agency, though some feel they are often overlooked or less relevant.

12. Rewards are important to many tourists but are not a top priority for everyone.

13. Tourists value staff qualities differently. Knowledgeable staff, security, and prompt issue resolution are most significant, while remembering names and giving full attention are also valued but less so. Taking responsibility is seen as a lower priority by most tourists.

Recommendations

1. Offer customized travel packages and pricing that suit both infrequent and regular travellers, considering their diverse needs and budgets.

2. Prioritize customer service excellence to build loyalty, followed by nurturing personal relationships and a strong agency reputation.

3. Address the concerns of neutral and dissatisfied customers to improve overall satisfaction.

4. Consider the effect of incentives on attracting and retaining tourists by analyzing customer data.

5. Recognize the importance tourists place on staff qualities, focusing on knowledgeable staff, security, and quick problem-solving, while also valuing personal attention and name recognition, even if to a lesser degree.

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