An Exploratory Study of Taiwanese Long-Haul Package Tour Customers' Satisfaction

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Appendices A5, A6, A7 and Diagram pg. 42 NOT DIGITISED BY REQUEST OF THE UNIVERSITY

Abstract

Taiwan has achieved rapid and continued economic growth over the last thirty years. This economic prosperity has significantly increased the demand for outbound tourism from Taiwan. However, the immature marketing strategies of travel agencies and lack of experience of both travel agencies and outbound tourists has also increased confrontation between the two parties. This research investigated customer satisfaction/dissatisfaction on pre-tour and on-tour service encounters between Taiwanese travel agencies and their customers. It analysed the role of the tour leader and the relationship with customers on guided group tours, and the link between overall satisfaction with a travel agency and the generation of repeat business.

This study adopted exploratory research to investigate the service elements provided by travel agencies and the relative factors that affect tourist satisfaction when customers are taking a long-haul package tour. The primary data was collected using three different research methods: in-depth, semi-structured face-to-face interviews with managers from 19 randomly selected Taiwanese travel agencies; participant observation of a ten day Taiwanese guided group (package) tour to Italy; and semi-structured international telephone interviews with 23 of the Taiwanese tour group participants. Additional data was received from the collaborating travel agency, which had conducted its own research on customer satisfaction on the same tour. The primary data of interview transcripts and field notes were analysed using NUDIST software. The transcripts of the findings and discussion provide a detailed ethnographic study of the experiences, which these Taiwanese tourists encountered on a long-haul package holiday.

The findings indicated that Taiwanese travellers are price-sensitive, have limited individual initiative and tend to over-rely on travel agencies and tour leaders. The tour leader's performance is the key factor resulting in customers' complaints or contributing to customers' satisfaction on a tour. However, Taiwan's tour leaders are tip-sensitive and the issue of tipping plays a crucial factor in influencing the tour leaders' job performance as well as customer satisfaction. Many travel agencies indicated that customer satisfaction was not so significant and the tour leader's performance was acceptable - providing customers did not complain.

A process for the success of a guided-package tour has been developed to enable travel agencies to deliver a better service, as well as engage in more effective marketing campaigns. The differences in perception between service providers and customers have been identified as an important barrier to customer satisfaction. This model suggests that travel agencies should aim at developing customers' expectations to a realistic level during the pre-tour stage. It also suggests building customers' satisfaction to a reasonable level during the on-tour encounter. Changing customer satisfaction from merely satisfied to totally satisfied increases production and operational costs, which may not be a wise investment in terms of the financial return - particularly in an intensely competitive market where customers are price sensitive. The model suggests that travel agencies should be aware of the importance of the tour leaders' service performance and communication skills, to explain to customers the reason why negative incidents of low significance (NILS) occur and consequently to help reduce customer dissatisfaction.

This study identified the key influences on customer satisfaction when customers are taking a guided package tour. Components of satisfaction – expectation, performance, attribution, emotion and equity – were identified and examined. An additional component - communication - emerged which appeared to facilitate understanding between customers and service providers. The notion of Round Table Theory was put forward as a tool to illustrate equity from a tourist consumer perspective. The variety of research methods allowed due triangulation and so increased the validity of the research. Empirical findings of this study provide a better understanding of the components of customer satisfaction of a long-haul package tour.

I

Dedication

To my parents
who supported and believed me without any doubt

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List of Abbreviations

T/A: Travel agency
TL: Tour Leader
IPA   Important-performance analysis
ISO: International Organization for Standardization
TQAA: Travel Quality Assurance Association R.O.C.
NILS: Negative Incidents of Low Significance

Chapter 1: Introduction

1.1 Introduction

People spend money buying their dreams. Taking a holiday is a major part of many people's dreams; it is likely to be one of the largest single expenditures in a year and one of the greatest sources of satisfaction and fulfilment (Hughes, 1991). Suvantola (2002) indicated that travel is used in seeking enlightenment and experiences that everyday life cannot offer. The excitement of taking a vacation lasts for a long time; starting from the planning and anticipation of the vacation, to the time spent sharing the photos with friends and relatives afterwards. Customers repurchase when their experiences are memorable and the money they have spent is worthwhile.

1.2 Background and rationale

The package tour is a complex service product; it is intangible (Gabbott and Hogg, 1998), perishable, and includes a pre-arranged combination of services. It is a mass-market product that is ultimately supplied by travel agencies (tour operators). However, pre-arranged holiday products are vulnerable in a number of ways. Atherton (1994) noted that the package holiday product is synthetic, involves a multitude of components and is difficult for the tour operator to coordinate and control. Middleton and Clarke (2001) stated that providing both psychological and financial security in a single transaction as well as ensuring product quality and the delivery of the promise are essential for the development of a successful tour business. In the meantime travel agencies would not survive unless they could provide services which were both firmly rooted in the needs of the customer and the travel agency.

In situations of dissatisfaction, accident or injury to customers caused by hotels, airlines, restaurants or tour leaders/tour guides, travel agencies have an obligation to address their customers' complaints or redress their losses. There is a debate within the tourism industry worldwide as to what legal liability travel agents carry for the services they offer. Witt, Brookes and Buckley (1991) argued that travel agents do not accept liability for the services offered by the principal whereas Wilks and Atherton

(1994) stated that travel agents have wide legal duties not to engage in marketing conduct that is misleading or deceptive. Within the legal context, Atherton (1994:199) has suggested that "in the future there will be a trend towards more consumer protection, stricter liability and non-excludable warranties on services of package holiday." A great increase in claims for damages can be expected, including for mental distress and for disappointment. Dyer (1998) stated that the 1992 Package Travel Regulations now make tour operators responsible for every defect of the components in their package, in Britain or abroad.

People are becoming more litigious (Dyer, 1998). Chesshyre (1998) stated that people are better informed about their legal rights now than they were ten years ago and are more willing to complain about poor service and inaccurate brochure descriptions. Dyer (1998) also stated that disappointed holidaymakers are doing more than just complaining, they are now suing. Robbins (1999) reported that in 1998 the Association of British Travel Agents (ABTA) received 18,000 complaints, and the industry paid out GBP 50 million. Robinson (1995) warns that tour operators need to be on their guard as consumers focus on holiday contract clauses. The American Society of Travel Agents (ASTA), one of the most influential organizations in the American travel industry, has advised that to find a good travel agent, travellers should consider everything from the appearance of the office to the agent's willingness to listen and answer questions. The best agents want to establish a long-term relationship with a client, not just make a sale.

Taiwan has achieved rapid and continued economic growth during the past several decades. The ratio of the number of outbound travellers to the total population in Taiwan has increased to 33 out of every 100 residents (R.O.C. Tourism Bureau Ministry, 2001) which is higher than that of Japan, the most industrially developed country in Asia. Due to the relatively low level of travel experience and the distinct cultural values of Taiwanese travellers, many outbound travel agencies have failed to interpret travellers' expectations and this has caused conflict in many situations. In 2002, the Travel Quality Assurance Association R.O.C. (hereinafter referred to as TQAA) received 663 cases of disputes between travellers and travel agencies (Travel Quality Assurance Association R.O.C, 2003). Complaints have included problems with itineraries, cancellations before the journey, wrongly-booked airline seats, and

the quality of service from tour leaders. March (1997) stated that the Taiwanese market has been price-driven for some time, but there are signs of a more quality tourist experience occurring in the future. However, during the transition stage, a few complicated phenomena appeared in the travel market, such as a fee charged by the travel agency to the tour leader and an unofficial and unique retail travel sector which emerged in the Taiwanese retail travel industry known as "Kau Houn" (Prideaux, 1996). To ensure the quality of tourism and to protect the consumer rights of travellers, the TQAA organization was established by travel agencies to act as a legal arbitrator. The Taiwanese government passed new regulations to determine travel agencies' responsibilities as well as travellers' rights. For example, the tourism bureau requires travel agencies to sign travel contracts with travellers; if the contracts are violated, the travellers can report the agencies to the Tourism Bureau (Taiwan Tourism Bureau, 2001).

Service failures cost companies a significant loss, since dissatisfied customers will not come back, and they may cause problems for other customers during the service process (Grönroos, 2000). In addition, the costs of targeting new customers are significantly higher than retaining existing customers (Kotler, Bowen and Makens, 2003). Therefore, customer retention is becoming increasingly important in terms of marketing strategy, since customer loyalty has financial benefits. Bateson and Hoffman (1999) indicated that in a competitive market place there is a demand for satisfaction. A positive relationship between higher levels of customer satisfaction and higher levels of retention can be expected. Fornell (1992) stated that customer satisfaction brings several benefits: favourable word-of-mouth communication, reduced customer price elasticity, and increased customer loyalty.

1.3 Purpose of the study

Customer satisfaction has been identified as an important indicator for customers' future return. To facilitate the customers' dreams rather than to turn them into nightmares, it is important for travel agencies[1] to focus on customer satisfaction and to fulfil customers' expectations. The purpose of this study is to evaluate the effect of

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[1] The author refers here to Taiwanese travel agencies – for definitions see page 9

customer services offered by Taiwanese travel agencies and their influence on customers' satisfaction. This study intends to identify Taiwanese tour participants' satisfaction both during the pre-tour, and the on-tour stage, as well as their overall satisfaction with each component of the tour product and with the service performance in relation to the contact personnel. The customer's overall satisfaction has an impact on the developing relationship between the customer and the travel agency during the post-tour stage. The impact of the customer's overall satisfaction on generating repeat business will then be examined.

The travel industry in Taiwan has become increasingly competitive. The perception of customer satisfaction is unarguably among the most important concerns in service marketing. Very few articles are published which study the Taiwanese outbound tourism industry (Law and Au, 2001). This study aims to investigate customer satisfaction/dissatisfaction with Taiwanese travel agencies and to look at the relationship between Taiwanese travel agencies and outbound tour customers. Hence, the objectives of this study are:

1. To evaluate customers' expectations and travel motives in buying the travel product.
2. To identify the dimensions of service provided by travel agencies in Taiwan based on pre-tour, on-tour, and post-tour service encounters.
3. To investigate customer satisfaction/dissatisfaction based on pre-tour and on-tour service encounters and overall satisfaction/dissatisfaction with the travel agency.
4. To analyse the role of the tour leader and his/her relationship with the customer on an escorted group tour.
5. To investigate the relationship between overall satisfaction with the travel agency and the generation of repeat business.
6. To propose a conceptual framework to describe the relationship between travel agencies and customers within tour groups.
7. To make recommendations for travel agencies and the international tourism industry.

An understanding of the relationship between the guided package tour and the customer's overall satisfaction helps to advance the theory of satisfaction in the

tourism industry and provide operational knowledge in the travel business. This research attempts to contribute to the development of the theory of customers' satisfaction in the travel industry and proposes marketing/service strategies for Taiwanese travel agencies to implement in their service and business. In addition, this research seeks to propose a model which offers a useful practice in developing customer satisfaction in the travel industry and to enable travel agencies to deliver better service as well as engaging in marketing campaigns. In order to achieve the above objectives, in-depth qualitative interviews with the travel agency managers were undertaken to identify the dimensions of service provided by travel agencies in Taiwan. Participant observation of a guided package tour was carried out to evaluate customers' on-tour satisfaction as well as the tour leader's service performance (the researcher conducted a participant observation on an outbound guided package tour from Taiwan to Italy). Telephone interviews were conducted with the tour participants seven months after the tour; and the collaborating travel agency's own questionnaires were analysed in order to gain more detailed information with regard to customers' expectations and travel motives, as well as their overall dis/satisfaction.

1.4 The focus of the study

The geographic focus of this study is Taiwan. It aims to contribute towards a better knowledge of customer service for outbound travel agencies by investigating Taiwanese travel encounters. The competitiveness of the marketplace and the increased expectations of customers have made service providers recognize the importance of customer service for future business (Harris, 1996). However, travel agencies tend to be ignorant about customer expectations and needs (see Travel Quality Assurance Association, R.O.C, 2003). They prefer to sell their own pre-arranged products or simply give customers the operators' brochures (see Sheldon, 1988). The travel agency is an intermediary between travel product suppliers and consumers. Any error or negligence during performance can result in serious damage both to the agency itself and to the client. Consumer evaluations of service performance have been recognized as an important tool for the success of service industries such as tourism. An exploration of customer travel needs and satisfaction is needed for different cultural groups that can provide a framework for travel agencies to develop better relationships with their tour groups. Similar research has been done

on customer satisfaction. However, there is limited empirical research in this specific area, in particular with regard to the subject of Taiwanese travellers.

An important part of this study will be the identification of those variables which influence customers' satisfaction based on emerging evidence from respondents. Customer satisfaction is influenced not only by perceptions of service quality, but also by product quality, price, and situation and personal factors. Miller (1977) stated that customers' satisfaction results from the comparison of expectations about performance and evaluations of perceived performance. "From a marketing perspective, customer satisfaction is achieved when customers' needs and wants are fulfilled" (Lam and Zhang, 1999:342).

This research aims to investigate the interaction between travel agencies and their customers. It focuses on the aspect of service satisfaction rather then the service quality. The boundaries of this research are as follows:

1. The designated research setting focuses on the Taiwanese travel industry and in particular on the area of outbound guided package tours. This study does not investigate inbound or domestic tours.

2. Since the characteristics and the operations of long-haul and short-haul tours in Taiwan are different, the research regarding customers' needs and satisfaction as well as the dimensions of service provided by travel agencies in this research, are only applicable to long-haul tours, and should not be considered relevant to short-haul tours.

3. Data collection from service providers was limited to the travel agencies who operate outbound travel. Not all the categories of Taiwan travel agencies are included - the B-Type Travel Agencies[2] are excluded because they only operate domestic-related travel.

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[2] see Chapter 2, Section 2.4.1

4. Data collection from consumers was limited to tour participants who had joined an outbound long-haul guided package tour with the researcher.

5. An important part of this study is the identification of those variables that influence customers' satisfaction related to tourism service providers. This study evaluates, rather than measures, customers' satisfaction.

1.5 Definition of terms

<u>Travel agents (travel retailers)</u> – An agent is a person who represents or works on behalf of another person or business. A travel agent works on behalf of the client who is booking a holiday or travel arrangement and also on behalf of the company or principal for whom the agent is making the booking. In return for making the booking, the travel agent receives commission (Horner, 1996). Some people consider that the main role of the travel agent is to provide a convenient location for the purchase of travel. At these locations they act as booking agents for holidays and travel, as well as a source of information and advice on travel services. Their customers look to them for expert product knowledge and objectivity in the advice they offer (Holloway, 1998). Gee, Makens and Choy (1997) consider the travel agent to be the person who brings together the suppliers of travel services with the buyers and who offers buyers sound travel counselling in destinations, routing, transportation, accommodation, sightseeing, and other elements of travel. Travel agents in Taiwan usually do not own the services they sell to travellers. They are free to make reservations with any supplier of travel services. Holloway (1998) defines the travel agent's role as being dissimilar to that of most other retailers, in that agents do not purchase a product for resale to their customers.

For this study, a travel agent is used in general terms; it is defined not only as a person (who may not be a certified travel agent) but also a company or travel agency who books a holiday for their clients from another travel agency (tour operator). This person or company may also operate similar travel services as travel agencies do.

<u>Tour operators</u> - tour operators produce package holidays which they advertise in holiday brochures; some tour operators pay commission to travel agents to sell the

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holidays on their behalf. A package holiday usually offers, for a fixed price, the main components of accommodation, transport, ground arrangement, and the service of a courier or representative (Horner, 1996). Holloway (1998) defines tour operators as companies which purchase separate elements of transport, accommodation and other services, and combine them into a package which they then sell directly or indirectly to consumers.

Tour operators are sometimes classed as wholesalers (in the USA, tour operators are often called wholesalers) (Renshaw, 1997). The term 'tour operator' is also used to describe the tour wholesaler, although not all wholesalers are tour operators (Gee, et al., 1997). Mill and Alastair state that the term 'wholesaler' is sometimes incorrectly used to describe a tour operator. The tour wholesaler is involved in tour planning, preparation, marketing, and reservations and may or may not also operate the tour. Based on this definition, tour wholesalers do not sell their products directly to the public but receive reservations through other travel intermediaries (Mill and Alastair, 1992). Travel wholesalers put down large deposits to secure in advance available space from suppliers, such as hotels, airlines, and other suppliers. They do not work on a commission basis (Gee, et al., 1997).

Travel agencies – Travel agencies differ according to their size, organisation and their specialisation in various markets within the travel scene. Travel agencies may cater for the package holiday market, whether that be the cheaper mass tourist market or the more specialised and expensive cruise, long haul and independent markets. They may also cater for the regular bookings of companies in commerce or industry (Horner, 1996).

For the purpose of this study, the travel agency in Taiwan is defined as the tour operator or the travel agent. Their service components also include the preparation of travel documents such as passports and visas, all meals, accommodation, the return flight transportation from origin to destination cities, a tour leader who accompanies tour members during the entire journey, and other services[3].

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[3] also see Chapter 2, Section 2.6.3

<u>Tour leader</u> – In practice the role of the tour guide is different from that of the tour leader. In this study, the term 'tour leader' will be used to indicate Taiwanese who work on behalf of travel agencies in Taiwan. They have a certified license and escort Taiwanese tour members overseas throughout the whole journey.

<u>Tour guide</u> – A destination-based person who accompanies holidaymakers during local excursions and who interprets aspects of local culture and other points of interest (Laws, 1997).

<u>Long-haul tour</u> – A long-haul tour is a tour to a destination beyond the country of origin and which requires a flight of more than eight hours from the city of origin (Homer, 1996). In this study, the long-haul tour is defined as a guided package tour which requires a flight of more than eight hours from Taiwan to destinations such as the USA, European countries, Australia etc.

<u>Domestic tour</u> - A tour which involves residents of a given country travelling only within that country (Lickorish and Jenkins, 1997).

<u>Inbound tour</u> – A tour which involves non-residents travelling in the given country (Lickorish and Jenkins, 1997).

<u>Outbound tour</u> – A tour involving residents travelling in another country (Lickorish and Jenkins, 1997). For this study, it also includes destinations to Mainland China, Hong Kong, and Macao.

1.6 Research structure

This study is structured into eight chapters.

Chapter One sets the scene of the study. It describes the rationale, aims and objectives of the study and highlights the focus of the research area. The boundaries of the research and definition of terms are also discussed in this Chapter.

Chapter Two is an introduction to the tourism market and a description of Taiwan's travel agencies through secondary sources. It discusses the global package tour market and explains the evolution of the tourism market as well as its current problems in Taiwan. This chapter provides background information on the process of service delivery and the quality of performance of the current travel practitioners. It also outlines the travel preferences of Taiwanese travellers and their perceptions of the service providers.

Chapter Three reviews the literature on the factors which are related to or influence customers' satisfaction within the tourism industry. It reviews service quality and customer satisfaction based on the consumers' perspective. The decisive factors in selecting a travel agency and factors for repurchasing are also discussed in this chapter.

Chapter Four is concerned with the research methodology. It discusses the research philosophy and the choice between qualitative and quantitative approaches. It illustrates the research design and the techniques for data collection. Detailed description of the data-collection process as well as analysis of the data are presented in the final part.

Chapter Five presents the results of the investigation from the aspect of the travel service providers. The collected data is based on in-depth interviews conducted with nineteen travel agencies, including ten A-Type travel agencies and nine General travel agencies. The interviews were based on pre-designed open questions which were divided into 5 general categories.

Chapter Six presents the results of the investigation from the perspective of customers. The data are mainly based on primary sources and some secondary sources. The first part of this chapter presents the findings of participant observation. The second part presents the findings of telephone interviews with tour participants. The third part presents the findings of the collaborating company's own customer satisfaction questionnaire survey.

Chapter Seven discusses the key issues from the findings and illustrates the findings in relation to the literature. This chapter discusses the service performance of the travel agency and the tour leader and customers' satisfaction towards the performance of the service providers. It also illustrates the interaction and relationship between service suppliers and receivers.

Chapter Eight draws conclusions from the research and makes a recommendation for the travel industry and further study. Based on a number of key findings, as well as the literature review, a model is developed which will enable travel agencies to deliver better services, reducing the perception differences with their customers, and engaging in service campaigns to retain old customers. Finally, the research limitations and personal experiences developed throughout the project are outlined.

1.7 Conclusion

This introduction has presented the rationale for this study. The main aim is to explore Taiwanese long-haul package tour customer satisfaction. It investigates customer satisfaction/dissatisfaction based on pre-tour and on-tour service encounters with Taiwanese travel agencies. It also analyses the role of the tour leader and his/her relationship with the customer on a guided group tour. The relationship between overall satisfaction with a travel agency and the generation of repeat business is also investigated. In order to achieve the aforementioned goals, the qualitative research approach is adopted as an appropriate research tool for data collection.

Chapter 2: Tourism in Taiwan

2.1 Introduction

This chapter reviews Taiwan's tourism industry and its outbound travel market and travel agencies' business practice. The rapid economic development of Taiwan has resulted in a distinctive philosophy in its tourism management and operation. In order to have a better understanding of Taiwan's travel market phenomenon as well as the concepts and attitudes of Taiwanese travellers, it is necessary to examine the background of Taiwan's history, tourism evolution, and travel service. This chapter is divided into 7 sections. The first section is the introduction. The second section reviews the historical background of Taiwan. It presents the various aspects of Taiwan's development, in particular its economic growth. The third section provides an overview of the evolution of tourism and the role of the Tourism Bureau which is the main government body which monitors and promotes Taiwan's tourism industry. The rapid growth of tourism in Taiwan has resulted in many conflicts and disputes. The fourth section then looks at the operation and management of travel agencies in a fiercely competitive market. Understanding customers' needs helps travel agencies to develop a better service strategy. The fifth section examines the preferences of the demand side of Taiwanese travellers - their travel purposes and needs of travel. Guided package tours are popular in Taiwan, and the service performance of contact personnel is recognized as an important factor in business success. Therefore, the sixth section reviews the characteristics of package tours and related problems. The seventh section discusses the role of tour leaders and tour guides and their practices.

2.2 The historical background of Taiwan

Taiwan (Republic of China - ROC) is a mountainous island. It is 394 kilometres long and 144 kilometres wide with a total area of nearly 36.000 square kilometres. In 1945, Taiwan was returned to China by the government of Japan. In 1949, the Nationalists fled from China, and Taipei became the centre of the new government. Taiwan is separated from Mainland China by the Taiwan Strait which is about 130 kilometres wide at its narrowest point and lies opposite Fujian Province in China. Off the eastern coast of Asia, the island is located on the Pacific Rim; to the north lie Japan and

Okinawa, to the south is the Philippines, so it has geographical and cultural proximity to other Asian countries. The island has close links with Japan – Taiwan was under Japanese rule for 50 years, and many elderly Taiwanese can speak Japanese. Based on this historical background and its close proximity, Japan is not only the major tourism destination for Taiwanese travellers but also the major tourist generator for Taiwan.

Taiwan's subtropical climate and its topographic features – forest-clad mountains, numbers of rivers and streams, different types of coastlines – provide rich natural resources and various outdoor/leisure activities. With the influx of migrants from Mainland China in 1949, the population on Taiwan had grown to around 22.3 million people by the end of 2000, with a population density of 612 persons per square kilometre. Taipei, the capital city with 2.6 million people, is the island's largest and most densely populated metropolitan area, followed by Kaohsiung, Taichung, and Tainan. The majority of the population are descended from the inhabitants of the south-eastern coastal provinces of Fujian and Guangdong (R.O.C. Ministry of the Interior, 2000; Government Information Office, 2001).

Although the population of Taiwan is composed almost entirely of Han Chinese, with less than 2% natives of Taiwan, Taiwan has produced rich, diverse cultures by blending Hakkas, Fujianese, Mainlanders, aboriginal tribes, and other ethnic groups. The ethnic diversity of the Chinese people has manifested itself in the differences in economic lifestyle, language, food, and religious practices. The official language of Taiwan is Mandarin, but Min-nan (a dialect) is also widely spoken. Although Chinese culture and art have played an important role – such as Confucianism which is fundamentally a philosophy with an ethical function, Taiwan has also developed its own customs and traditions. A large proportion of the Taiwanese engage in the religious practices of Taoism and Buddhism, ancestor worship, and folk beliefs. Taoist believers highlight good moral conduct. Buddhist advocators emphasize moral and disciplinary codes. The syncretistic approach reveals the character of Taiwanese people which is tolerant of different faiths and able to accommodate diverse beliefs.

In 1999, Taiwan's economic growth still substantially outperformed most other economies of Asia. The ROC's Gross National Product (GNP) was US$ 290.5 billion in 1999 and per capita GNP increased to US$ 13,235 (Government Information Office, 2001). In the initial years Taiwan relied heavily on US aid. The success of

land reform and agricultural policy increased production and resulted in less dependence on importing food. During the 1950s - 1970s, owing to the low cost of labour, Taiwan became self-sufficient by producing inexpensive consumer goods and began to expand its light manufacturing industry. Soon Taiwan had an international reputation as an exporter to the world. Taiwan's economic performance over the past years has made it one of the four so-called dragons - along with Hong Kong, South Korea and Singapore – known for their rapid economic development (Travel and Tourism Intelligence, 1996). Its trade surpluses have allowed Taiwan to accumulate vast sums of foreign exchange reserves; these stood at US$90.3 billions at the end of 1998, the third highest in the world (Government Information Office, 2000). In 2001, the foreign exchange reserves continued to grow, becoming the highest in Taiwan's history – US$161.6 billions, the third highest in the world after Japan and Mainland China (Centre Bank, 2001). Taiwanese government officials forecast economic growth for 2002 of 2.29%, and entry into the WTO will stimulate Taiwan to internationalise its overall economy Over the past 50 years, continued economic growth has made the island one of the world's largest economies; this has transformed the lives of the island's residents and led to a commensurate growth in the demand for tourism.

Taiwan has also experienced great improvements in political development, despite the constant threat from the Chinese Mainland which claims sovereignty over Taiwan. However, frequent non-government civilian contacts between the two sides of the Taiwan Strait has generated improvements in a range of issues on practical matters since the Emergency Decree was lifted in 1987; in 1987 Taiwanese were allowed to travel to China via a third country (Law and Au, 2001). A new economic trend began in the 1980s; as a result of the control on capital outflow being relaxed, investment overseas has risen dramatically, particularly in Mainland China. Taiwan's business sector has increasingly invested on the mainland. Investment and trade by the business community and family connections have brought the two sides closer together. In recent years, many Taiwanese have travelled to the mainland either for pleasure or to visit friends/relatives. Hong Kong and the Mainland actually have become the major destinations and have attracted more Taiwanese travellers than other regions.

2.3 An overview of the Taiwan tourism industry

Gee et al. (1997) state that government and private industry throughout the world in both developing and developed countries have gradually recognized the economic benefits of the tourism industry. Accordingly, the promotion of tourism as an industry is now being given greater emphasis by more countries than ever before. For Taiwan, a small island with limited resources and its political drawbacks, historically tourism had been considered a luxury and a decadent leisure activity. However, the miracle of economic development has changed the way people think; outbound travel is flourishing, and Taiwanese travellers have become a trademark of wealth in the world. On the other hand, after suffering from the Asian financial crisis a few years ago, the government has changed its view and increasingly encourages inland tourism development in order to bolster domestic economic demand.

2.3.1 The development of tourism in Taiwan

Travel seems to be an inevitable fashion in the modern world. Yang (1994) states that since people have a right to travel or to make a tour outside their own country, the government should assist Taiwanese travellers and satisfy their travel needs. In addition, travel activities nowadays have a positive impact on our lives and are becoming an important part of our social activities (Yang, 1994).

There are three types of tourism market: inbound travel, outbound travel, and domestic travel. Taiwan's tourism growth was under-developed as a result of its political situation – characterized by cross-strait tension and problems over diplomatic relations with other countries. Before the 1970s, there was not much development in Taiwan's tourism industry; domestic travel was limited due to the lack of paid holidays and limited disposable income, inbound tourism seemed to be the only tourism market but this still remained in the primary stage of development, and the possibility of outbound travel was restricted.

Inbound travel

During the early years, the Taiwan tourism market mainly attracts overseas visitors and many were Chinese who lives overseas. In 1971 the Tourism Bureau (its full name is the Tourism Bureau of the Ministry of Transport and Communications of the Republic of China) – an official government body under the jurisdiction of the Ministry of Transport and Communication – was established to monitor and promote Taiwan's tourism business (Yang, 1994). In the same year, the travel agencies were permitted to operate outbound travel on behalf of Taiwanese citizens. During this period, travel agencies' business mostly catered for incoming visitors. The number of inbound tourists increased from 371,473 in 1969 to 1,270,977 in 1978, a 350% increase in ten years. Before 1967 tourists from the USA accounted for the greatest portion of total inbound arrival, but in 1967 the incoming tourists were mainly from Japan (Chu, 1986; Rong, 1992). To cope with the influx of visitors and the increased need for travel, a new international airport was opened to provide a better service for travellers. 1989 was the first year that incoming visitors exceeded 2 millions, but it was not until 1994 that Taiwan's visitor arrivals again passed 2 millions mark and then maintained steady growth. The growth rate was the result of the institution of a visa-free 14-day stay for visitors from 18 countries at the beginning of 1994 as well as the international promotion contributed by the Taiwan Tourism Bureau. Although inbound tourism grew gradually, it did not show the same increase as outbound tourism in the 1990s.

Inbound tourism has suffered a few setbacks. In 1971 the Taiwan government decided to withdraw from the United Nations and in 1972 decided to end its diplomatic relationship with Japan both of which had a negative impact on its inbound tourism development (Chu, 1986). In 1979 the market suffered another setback after the opening up of Mainland China to foreign travellers; Mainland China replaced Taiwan in being considered the main tourist destination for those interested in Chinese culture. Besides, China has more attractions and was much cheaper to travel in than Taiwan (Travel and Tourism Intelligence, 1996). Apart from the intense competition from international markets such as Mainland China, Thailand, and Indonesia, several factors such as: the appreciation of the Taiwanese dollar, the lack of international flights, the higher cost of travel, the lack of infrastructure, and safety have had a negative impact on the growth of the inbound tourism market.

<u>Current inbound tourism</u>

Taiwan is not an important visitor destination in the Asia-Pacific region and does not have many attractions that lure international tourists, but it clearly has some. These include the Taroko Gorge in the east of the country, Sun Moon Lake in the centre, and the resort area of Kenting in the south. Taipei, the capital, is a lively centre of nightlife and restaurants of all kinds and the National Palace Museum is its main international attraction. As a reason for travel, Taiwan is considered primarily as a business destination; although the figures indicate that a large number of visitors travel for pleasure, it is believed that many business travellers describe themselves as tourists, as this may be easier for them to obtain a visa (Travel and Tourism Intelligence, 1996).

Table 2.1 shows that Taiwan's inbound market finally recovered in 1994. Although the sharp appreciation of Taiwan's currency against the US$ has made the destination more expensive for visitors, this disadvantage has eased in recent years. In 2001 the number of visitor arrivals totalled 2,617,137 (down 0.81% over the previous year due to the incident of 11 September); among them Japan contributed the largest portion with 37.11%, Hong Kong the second with 15%, and America the third with 12.97%. In terms of the purpose of the visit, 37.86% were visiting for pleasure, 31.93% were business visitors, and 10.19% were visiting relatives. Among all the tourists visiting for pleasure, 58 out of every 100 were attracted by "cuisine", 44% were attracted by "scenery" and only 20% were attracted by "historic monuments". Additionally, most of the visitors for pleasure adopted a "group package tour", whereas most of the visitors for business chose a "self-arranged tour". The average time spent in Taiwan by each visitor was 7.34 nights. International tourism receipts in 2001 were US$ 3,991 million, and the average amount spent in Taiwan per person was US$1,523.03. In 2001 the government set itself the target of "Building Taiwan into an Island of Tourism". Apart from targeting the Mainland market, the tourism bureau worked together with the industry to target neighbouring markets such as travellers from Japan, Hong Kong, and Singapore.

Table 2.1 shows that Taiwan's inbound tourism market has grown slowly but surely, even though this growth cannot compare with the rapid growth of the outbound

tourism market. However, due to the government's new policy of promoting inbound and domestic tourism for economic reasons as well as the low profit margin on each tour, some travel agencies may alter their business focus from outbound tourism to inbound tourism.

Table 2.1 The numbers and expenditures of outbound departure and inbound arrival by year 1980-2001

	Outbound departure			Inbound arrival		
Year	Number	Growth Rate	Expenditures (US$ Million)	Number	Growth Rate	Expenditures (US$ Million)
1980	484,901			1,393,254	3.94	
1981	575,537	18.7		1,409,465	1.16	
1982	640,669	11.3		1,419,178	0.69	
1983	674,578	5.3		1,457,404	2.69	
1984	750,404	11.2		1,516,138	4.03	
1985	846,789	12.8		1,451,659	-4.25	
1986	812,928	-4.0		1,610,385	10.93	
1987	1,058,410	30.2		1,760,948	9.35	
1988	1,601,992	51.4		1,935,134	9.89	
1989	2,107,813	31.6		2,004,126	3.57	
1990	2,942,316	39.6		1,934,084	-3.49	
1991	3,366,076	14.4		1,854,506	-4.11	
1992	4.214.734	25.2		1,873,327	1.01	
1993	4,654,436	10.4		1,850,214	-1.23	
1994	4,744,434	1.9	7,885 M	2,127,249	14.97	3,210 M
1995	5,188,658	9.4	7,149 M	2,331,934	9.62	3,286 M
1996	5,713,535	10.1	6,493 M	2,358,221	1.13	3,636 M
1997	6,161,932	7.8	5,670 M	2,372,232	0.59	3,402 M
1998	5,912,383	-4.0	5,050 M	2,298,706	-3.10	3,372 M
1999	6,558,663	10.9	5,635 M	2,411,248	4.90	3,571 M
2000	7,328,784	11.7	6,376 M	2,624,037	8.82	3,736 M
2001	7,189,334	-1.9	6,379 M	2,617,137	-0.26	3,991 M

Sources: Taiwan Tourism Bureau (2001)

<u>Domestic travel</u>

In 1985 the Taiwan Provincial Tourism Bureau was established to promote domestic travel. Although domestic travel has been the major leisure activity for Taiwanese citizens for many years, the quality of inland travel has not improved much since the Taiwan government emphasized the development of manufacturing industry and did not pay much attention to developing its natural resources and leisure activities or the service quality of inland travel. However, the situation has been improved as a result of the improvement of the domestic economy, and government authority has gradually put more effort into domestic travel affairs. Several national scenic area administrations have been set up directly by the Tourism Bureau to handle development. Private institutions were encouraged to participate in the development and operation of recreation and tourist facilities. In 2000, the association of domestic tour leaders was established to improve the service quality of domestic tours (Taiwan Visitors Association, 2001). Furthermore, to encourage domestic travel rather than travel abroad, a policy was introduced with government support – that starting from 2002, every public servant can obtain up to NT$ 16,000 travel allowances from the Taiwanese government if they travel domestically during the week. The government also helped to design one and two-day new inland itineraries for travellers to choose from to facilitate the new working-scheme of two-day-off weekends. The scheme has also raised people's desire to travel (Taiwan Tourism Bureau, 1998).

After the acceleration of diversified development of natural scenery, amusement parks, attractions, festivals, as well as the improvement in the hotel industry, domestic travel has become one of the Taiwanese's common activities, and the desire for travel is very high. The estimated total number of domestic trips taken by citizens of 12 years or older was 97 million person-trips in the year 2001. About 86% of citizens undertook domestic travel. It is also reported that 56% of domestic travel was undertaken at weekends, 62.1% of the trips were one-day and 22.0% were 2-day. Travellers flocking at weekends have made tremendous demands on transportation, accommodation, tourist facilities and other services. Consequently, the quality of services had dropped. Once, inland travel was considered expensive, but now serious congestion has become inevitable which may damage the continuing development of

the domestic tourism market and might cause the market to focus more on outbound travel (Taiwan Tourism Bureau, 2001a).

The rise of outbound travel

Traditionally, the tourism policy of most countries is to attract foreign visitors in order to earn foreign currency. However, Taiwan's tourism development policy is similar to Japan's which focused on outbound tourism because it already had rich foreign currency reserves and wanted to improve its international relationships. Prideaux (1996) indicates that the growth of outbound tourism has been the result of deliberate Taiwanese government policy. The Taiwanese government regards outbound tourism as a mechanism to achieve economic and diplomatic objectives. However, although the Taiwan government did not directly encourage overseas travel, due to the large number of outbound travellers and the inevitable continuing outflow, the government paid much more attention to the quality and safety of outbound travel than inbound tourism.

Taiwanese people are interested in seeing the outside world and consider that it is a status symbol to be able to travel overseas. In 1979, the Government of Taiwan removed the ban on outbound tourism for pleasure by citizens of Taiwan (Taiwan Tourism Bureau, 1999b), and this had a tremendous influence on Taiwan's travel industry. The attention of the travel industry seemed gradually to switch from the inbound to the outbound market. The status of the outbound tour leader was heightened compared to that of the domestic tour guide (also see Section 2.7). The number of outbound travellers has been stable every year with the exception of 1986 (see Table 2.1); in 1980, the total number of outbound travellers was only 484,901, but it was over 1 million in 1987. Before 1987, Japan had always been the leading travel destination for Taiwanese travellers, but due to the easing of the restrictions on family visits to Mainland China in 1987 (before direct access and communication between Taiwan and Mainland China was banned by the Taiwanese government), the boom in travel to Mainland China in 1988 resulted in Hong Kong replacing Japan as the top destination, followed by Japan, the United States, Thailand and South Korea. The number of outbound travellers rose rapidly from 1,058,410 in 1987 to 1,601,992 in 1988, a 51.4% increase, which has remained the highest yearly rate of increase so

far. Between 1991 and 1992, there was also a large increase in the number of travellers to foreign destinations (Taiwan Tourism Bureau, 1998).

Originally, difficulties in the economy forced the government to impose stricter control over the purchase of foreign currency. The amount of foreign currency exchange for outbound travel was limited. Many travellers managed to officially travel for business reasons but in reality it was for pleasure. Outbound travel was characterised as having longer trip lengths, more often with multiple destinations, and high spending per person (travellers can get extra US currency from the black market). Along with removing the ban on outbound pleasure travel, the restriction on the limited amount of foreign exchange per person per outbound trip was also removed (see Chu, 1986), which made outbound travel much easier than before.

Political conflict with Mainland China occasionally affects the travel business. In 1992 China and South Korea established diplomatic relations, which resulted in many flights over Korea-Taiwan routes being stopped and there was a major drop in inter-country travel between Korea and Taiwan. In 1996, China conducted military exercises in the sea between China and Taiwan in the hope of influencing the outcome of the presidential elections in Taiwan. Although there was an interruption of travel at the time it was generally minor, and in fact the threat may have hurt travel to China more than travel to Taiwan, particularly from the USA (Travel and Tourism Intelligence, 1996).

The growth in outbound travel seems to be inexorable. The following factors were identified as contributing to the increase of the outbound travel population (Taiwan Tourism Bureau, 1998).

- Due to an enhanced standard of living, plentiful foreign exchange reserves, and rising per capita incomes, overseas travel has become popular.
- The general public has more leisure time.
- The regulations governing overseas travel have been relaxed and restrictions on overseas travel by Taiwanese citizens have been eased. The government also reduced regulation charges for tourist visas in 1988.

- The government has lifted the restriction on Hong Kong as the first stopover when travelling overseas, and has permitted Taiwanese citizens to travel to Mainland China on family visits.
- The NT dollar has appreciated against the US dollar.

Apart from the above reasons, several other factors also contributed to the increase. Chang (1998) states that since Taiwan is a small island country, its attractions and resources could not meet travellers' needs; the development of democracy encourages people's expectations in seeing the outside world; direct flights and increased capacity on outbound destinations have shortened flight times and costs. In 1987 an airline deregulation act was passed, and many Airlines including the most important, EVA Airlines, appeared in the international market (China Airlines was the only airline operating at that time, which nowadays is still considered to be a state-owned company). The addition of new airlines led to the promotion of the outbound international tourism market and made it prosperous (Chang, 1999).

Current outbound travel

The prospects for leisure time, particularly for outbound travel, depend on whether a strongly liberal deregulatory economic policy is pursued by a country. The growth of outbound travel was once before affected by the appreciation of Taiwan's currency. The value of the New Taiwan dollar (NT$) has risen substantially in recent years - in 1985 the US$1 bought almost NT$40, and in 1995 the gap was closed to NT$25. Although nowadays it is about NT33, Tourism British Columbia (2001) for example nevertheless predicted that Taiwan will continue to show strong levels of outbound travel with no indication of change in the near future.

Based on the new structure and responsibilities of the organizational system of Tourism Administration, much effort was actually focused on inbound and domestic tourism development. Besides, the Government in 1998 established the inauguration of the "two-day-off Weekend" which stimulated the domestic travel market but also indirectly promoted the outbound short-holiday market (Taiwan Tourism Bureau, 1998; Pan, 2000). In 2000, the number of outbound travellers exceeded 7 million (see Table 2.1).

The total outbound travel from Taiwan was 7,188,334 in 2001 - a small decrease compared with 2000. Approximately 33 out of every 100 Taiwanese residents travelled abroad that year, which remains a high percentage and frequency compared with their counterparts. The vast majority of travellers visited Asian countries. Hong Kong was the most popular overseas destination with 2,320,154, Macao came next with 1,152,815, Japan 741,767, United States 542,764, Thailand 540,158, and Europe with a total of 263,966 (Italy 15,750) (Taiwan Tourism Bureau, 2001). Although there were no statistics collected for the number visiting Mainland China, it was believed that the number is substantial – at least 1 million - since many Taiwanese travellers transfer either through Hong Kong or Macao. When direct flights between Taiwan and China are initiated (this has been discussed in recent years), the number of Taiwan residents using Hong Kong as a gateway to China is likely to decline precipitously (Lew and Mckercher, 2002).

In terms of long-haul destinations, the United States is still the most popular country for Taiwanese travellers, but numbers of people travelling there have not shown much increase in recent years. Traditionally Europe is a dream destination for many Taiwanese travellers. Although the market share in European destinations is low due to the long flight and higher costs, it has increased gradually, with the exception of 2001 (the incident of 11 September 2001 in New York reduced the number of people travelling overseas, which indicated that the market is moving toward maturity and more people are willing to pay more for their vacation (see Table 2.2). Apart from this a direct flight, such as to Italy, has reduced the cost of travel, which helps to attract more travellers (Pan, 2000).

Table 2.2   The number of outbound travellers to Europe (Italy) and the United States

Year	European destinations (Italy)	The United States
1994	65,579 (258)	453,924
1995	133,792 (7,391)	522,910
1996	165,235 (15,661)	579,488
1997	187,522 (16,564)	588,916
1998	195,871 (12,003)	577,178
1999	225,065 (12,864)	563,991
2000	272,449 (15,138)	651,134
2001	263,966 (15,750)	542,764

Source: Taiwan Tourism Bureau

Taiwan had incurred a large foreign exchange deficit in tourism for years. The total expenditure by all outbound travellers in 2001 was US$ 6,379 million (the total amount spent on the island by visitors during the same year was US$ 3,991 million), a slight increase over 2000. Each outbound traveller spent an average of US$ 887.29 per trip (US$ 1,384, including the cost of international air tickets). The average number of nights per trip was 10.33 nights. Groups aged 30-39 and 40-49 composed respectively 25.97% and 25.61% of the outbound population. More men (58.88%) travelled than women (41.12%)(Taiwan Tourism Bureau, 2001a).

The current development of Taiwan's holiday market must take account of social and economic change, as well as the increase in paid holiday. The pace of change in outbound tourism is speeding up. It was estimated that more than 80% of outbound travels were arranged by travel agencies and 41% of outbound travellers participated in escorted group tours (Taiwan Tourism Bureau, 2001a), but the number will decrease gradually due to the development of information technology and the experiences of travellers (Luo, 2000). Luo also states that semi-independent travel especially by female travellers is rapidly increasing. There is also a continuing increase in the demand for special-interest travel. Although the amount of foreign individual travel has increased, Taiwanese travellers still have a strong preference for the guided package tour.

However, the tourism industry in Taiwan needs much improvement even though an official authority has been established with responsibility for the development. The general public as well as the Taiwanese government's administrative department do not have much knowledge and experience in managing and developing the tourism business. The tourism industry such as travel agencies, tour leaders, tour guides, resorts, and souvenir shops have received much criticism. Its bad reputation has been the result of poor management and excessively intense competition among some travel agencies.

2.3.2 The role and structure of the Tourism Bureau

The Tourism Bureau's task is to provide staff support, to guide and supervise operations and develop and promote tourism/leisure activities at national level. The

Bureau promulgates regulations concerning operating conditions, qualifications, supervision and management, and other related matters required of the commissioned corporate organizations (Taiwan Tourism Bureau, 2001b). The organization of the Tourism Bureau underwent a number of modifications and expansions in the year 1999 - several organizations were transferred to the Bureau's administration when in 1999 the former Taiwan Provincial Tourism Administration was merged into the Tourism Bureau. Currently it is divided into five divisions and four departments: the Planning and Research Division; the Hotel, Travel and Training Division; the International Division; the Technical Division; the Domestic Tourism Division; the Secretariat; the Personnel Department; the Accounting Department; and the Anti-corruption Department. It is also responsible for 10 National Scenic Area Administrations. To strengthen services for foreigners visiting Taiwan as well as for local residents travelling abroad, Tourism Service Centres were set up at several locations including two international airports. To promote tourism in foreign markets, the Tourism Bureau has also set up 10 overseas offices (Taiwan Tourism Bureau, 2001; Taiwan Tourism Bureau, 2001a).

Implementation of outbound travel quality

The majority of Taiwanese travel agencies are interested in the outbound tourism business. In order to meet their demands and enhance the quality of travel service, the Tourism Bureau has set up several schemes. Awards Guidelines for Good Practices of Tourism Organizations and Personnel have been established to encourage quality improvements (see Taiwan Tourism Bureau, 1998). The bureau has also established training courses for tourism industry professionals who are either at the entry level or have been working in the travel industry for a period of time (see Taiwan Tourism Bureau, 1992). In addition to reinforcing training for tourism employees, the Tourism Bureau also endeavours to upgrade the quality of tourism employees through the implementation of an accreditation system. For the cultivation of tourism personnel, the Tourism Bureau cooperates with educational institutions such as universities, colleges, and vocational high schools and offers scholarships to outstanding students who are studying in tourism related subjects (Taiwan Tourism Bureau, 1997). The Tourism Bureau also provides venues for pre-tour briefings on behalf of the travel agency and its customers. It publishes handbooks such as "Outbound Travel Information" and manuals regarding outbound travel safety. The "Travel Service

Centre News" bulletin is issued weekly to provide the latest travel information (Taiwan Tourism Bureau, 1997). For the protection of tourist rights, the central administrative authority may make public announcements about travel enterprises meeting with financial or operational problems (Taiwan Tourism Bureau, 2001b).

To regulate travel agencies' legal operations, tour agencies were licensed by the government for the first time in the 1970s. To protect the interests of travellers, the Tourism Bureau required that all the travel agencies should have NT$2 million liability insurance cover for each tour member in an outbound inclusive package tour. For independent travellers, it is also the travel agencies' responsibility to inform them of the need to buy their own insurance (Taiwan Tourism Bureau, 1992). Travel agencies are also encouraged to join the TQAA. If a travel agency is a member of the TQAA and has not violated TQAA's regulations in the previous 2 years, then they do not have to pay the full amount of the united security fee anymore; they can get nine-tenth of the united security fee back as a reward. The Bureau also encourages the travel agencies to develop new tour itineraries, and make use of Internet technology to strengthen tourism marketing and promotion.

The Travel Quality Assurance Association R.O.C. (TQAA) was established in October 1989 and organized by the travel industry for consumer protection. The TQAA currently has 1422 travel agent parent companies and 584 branch companies as members, making a total of 2026 members throughout Taiwan. The objective of the establishment of the TQAA was to raise the quality of tourism and protect the consumer rights of travellers. If a member of the TQAA breaks the travel agreement, infringing the rights of the traveller, the traveller can bring a case to the TQAA. Following mediation by the Arbitration Committee of the TQAA, if it is discovered that the travel agency did in fact violate the agreement, then the travel agency must bear the responsibility of compensation, and should pay the compensation within 10 days. If there is a delay in payment, the TQAA will make the payment out of the Travel Quality Fund in place of the travel agency, and then seek compensation from the travel agency (Travel Quality Assurance Association R.O.C., 1999).

2.4 The operation of travel agencies in Taiwan

Tourism development cannot operate without the contributions of travel agencies (functioning in Taiwan as both tour operators and travel agents). They not only provide a link between the travel service providers and customers, but they are also active in marketing and promoting tourism.

2.4.1 The development of travel agencies

Before the ROC government moved to Taiwan in 1949, there was only one travel agency - China Travel Services which was government-owned and was established in 1927 (Rong, 1992; Yang, 1994). The industry grew very slowly; even in 1951 there were only 4 travel agencies in Taiwan. In 1961, the government travel agency was privatised and the possibility of obtaining a license started to excite private organizations' interest which attracted 8 new travel agencies to join the industry. In 1964, Japan removed the ban on outbound travel for Japanese citizens and in 1970 Japan held a world exhibition in Osaka which inspired the development of the Taiwan tourism industry. Between 1962 and 1970, the tourism industry in Taiwan was considered to be at the developmental stage; the total number of travel agencies in 1970 was 159 (140 A-Type and 19 B-Type). After 1972, the number of travel agencies flourished; the number reached 337 (321 A-Type and 16 B-Type) in 1978 (Chu, 1986).

The year 1979

In 1979, the Government of Taiwan removed the ban on outbound tourism by its citizens and the outbound tourism business started to boom. However, due to the limited number of travel agency licenses, a number of illegal travel agencies, which were called "Kau Houn" and "Cow Head", flourished. "Kau Houn" describes an agency where one or more people who have travel-related experience get together to run a travel business but who do not have a travel agency license; they rent a table from a licensed travel agency and run their business independently under the cover of the licensed travel agency. Since many travel agencies at that time were small enterprises, some with just a few staff or merely family-run businesses, these companies' internal structures were loose and they were willing to rent out tables to the "Kau Houn" in order to share the operating costs. As well as the "Kau Houn", the "Cow Head" is an independent agent who is well known in the local area and has

good relationships with local people. They work mainly at home and organize their own tours (mainly with the help of travel agencies) but do not have much travel knowledge. The tours organized by "Kau Houn" and "Cow Head" are cheaper and less organized. Since they are illegal there are no controls by government, no compulsory membership of the TQAA, no bonding or consumer protection schemes or qualified staff. Consumers who experience problems find it difficult to get help or gain compensation.

In 1979, the government authority stopped issuing new licenses. In 1988, these restrictions were lifted. New travel agencies were established and officially registered (Taiwan Tourism Bureau, 1988) which opened a new era for the travel industry in Taiwan. The travel agencies were officially classified into 3 categories: the General Travel Agency (General T/A), A-Type Travel Agency (A-Type T/A), and B-Type Travel Agency (B-Type T/A), with different business ranges (prior to 1988, there were only A-Type and B-Type categories). There are a wide variety of different basic requirements for registration among these types of travel agencies. The differences concern such matters as capital investment, the amount of the security bond, the office space used, the scale of business, etc. Both General T/As and A-Type T/As can act as a tour operator and promote their outbound and inbound tour products for the general public. However, A-Type T/As are direct sell tour operators and should not act as a wholesaler; they should not sell their tour products through other A-Type T/As. In contrast, the General T/As can either sell directly or sell through the A-Type T/As to the general public. For B-Type T/As, their scale of business was limited – they may only operate domestic-related tours or sell domestic flight tickets (Taiwan Tourism Bureau, 1999d). Only one year after the ban was removed, the number of T/As rocketed from 302 in 1987 to a total of 559 by the end of 1988, including 4 General T/As, 553 A-Type T/As, and 22 B-Type T/As. Based on the Taiwan Tourism Bureau annual report on Tourism, at the end of 2001, there were a total of 2,484 travel agencies (including main offices and branch offices) in Taiwan, of which 258 were General T/As (or Consolidated Travel Agencies – a term used by the government), 2,106 were A-Type T/As, and 120 were B-Type T/As. Among all the travel agencies, about 42% were located in the Taipei metropolis. Table 2.3 shows that since 1988 the number of travel agencies has increased steadily, particularly the number of General T/As which act as wholesalers and which were originally A-Type T/As.

Table 2.3 Travel Agencies in Taiwan

Year	General T/A	A-Type T/A	B-Type T/A	Total
1978		321	16	337
1979		311	38	349
1980		307	35	342
1981		303	34	337
1982		305	31	336
1983		300	29	329
1984		297	23	320
1985		295	16	311
1986		291	15	306
1987		290	12	302
1988	4	533	22	559
1989	11	726	29	766
1990	30	1081	26	1137
1991	67	1214	34	1315
1992	79	1421	40	1540
1993				
1994				
1995	132	1751	65	1948
1996				
1997	228	1881	94	2203
1998	238	1910	124	2272
1999	238	2009	127	2374
2000				
2001	258	2106	120	2484

Sources: Taiwan Tourism Bureau

2.4.2 Operation and management of travel agencies

The government authority has always strictly controlled the number of travel agencies in Taiwan and considered the travel industry as a special trade. The registration of travel agencies was highly regulated so as to match the demands of the market and the interests of consumers. Under the Taiwan Tourism Bureau's supervision, the Management Regulations for the Travel Industry were drawn up concerning travel agencies' business operations and management. These regulations established a Code of Ethics in dealing with the public, and provided guidance and assistance to travel agencies' employees (Zheng, 1988).

In contrast to the management of the travel industry in many countries such as the UK and the United States, Taiwan's travel service industry is governed by government administration; a prospective agent must complete an application to the central administrative authority for approval, and complete a corporate registration after obtaining approval in order to receive a travel agency license. Operators of travel

agencies must deposit guarantee money in accordance with the applicable regulations (or join TQAA to form a travel assurance fund). The amount of the guarantee bond is dependent on the agency's category as stipulated by the central administrative authority rather than their gross income (Taiwan Tourism Bureau, 1999e). A bond is a guarantee given by a third party (TQAA) to pay a sum of money up to a specified maximum in the event that the company becomes insolvent. If things go wrong and it is the travel agency's responsibility, the travel agency must indemnify customers' losses within 10 days, otherwise the TQAA would be liable. The TQAA guarantees to pay up to NT$ 10,000,000 (1GBP = NT$50) for General T/A members, NT$ 1,500,000 for A-Type T/A members, and NT$ 600,000 for B-Type T/A members (Travel Quality Assurance Association R.O.C, 1999). The priority in using the money is to repatriate tourists stranded overseas, however this is limited to it members. The lack of management over non-member travel agencies shows that the protection is inadequate for the general public.

In 1995, due to the bankruptcy of a large General Travel T/A, a new regulation was promulgated by the central administrative authority requiring all travel agencies to participate in performance insurance for all group inclusive tours (Taiwan Tourism Bureau, 1994). Performance insurance is used to protect all the customers if the travel agency has financial difficulty and cannot fulfil its commitments. The amount of cover is based on the travel agency's category (NT$ 40,000,000 for General T/A, NT$ 10,000,000 for A-Type T/A, and NT$ 4,000,000 for B-Type T/A) (Taiwan Tourism Bureau, 1996).

Based on the Statute for Development of Tourism and Management Regulations for the Travel Industry, the Tourism Bureau can reinforce its supervision and control over travel agencies. In order to maintain an orderly commercial market and guarantee passengers' rights, revisions were made to the ordinance, introducing standard fines for contravention of the code of management by travel firms and introducing heavier fines for businesses contravening or breaking the law. In addition, to enhance travel quality and increase product competitiveness, random pre-peak season business inspections and the implementation of enforcement action against agencies operating illegally were carried out regularly (Taiwan Tourism Bureau, 1988).

As the market expanded, the quality of product and service become a major issue. The consequence of lowering standards by travel agencies was a disappointed general public. The industry received much criticism particularly strongly against supplementary charges when on the tour and inadequate brochure information. The Tourism Bureau determined that when a travel agency undertakes travel services for a tourist group, the travel agency should set up written contracts with the tourists. Travel agencies are responsible for the information contained in the brochures they have issued. The authority also made regulations concerning the format of the contract, the items that should be included therein, and the items that should not be included. The travel agency had to arrange for a qualified tour leader to accompany the group throughout its entire itinerary (Taiwan Tourism Bureau, 1999b). To ensure that all the travel agencies observe the rules, personnel are sent regularly to airports to check whether the person who escorts the tour is licensed (Taiwan Tourism Bureau, 1988). Meanwhile the Tourism Bureau demanded that both General T/As and A-Type T/As should hold a pre-tour induction for their customers before the day of the tour departure to ensure that all the customers are familiar with the details of the tour (Yang, 1994).

To reinforce the transparency of tour products and make clear the responsibilities and rights of both travel service providers and customers, a special chapter regarding travel regulation was added to the civil law in 1999 (Taiwan Tourism Bureau, 1999b). The issue of new laws as well as entry to the WTO (World Trade Organisation) will put more pressure on the current travel agencies. To cope with these inevitable pressures, more travel agencies joined the ISO9001/9002 in order to provide a better service and increase their competitive capability. Many practitioners believed that doing ISO could standardize the procedure of organizing group tours and provide better control in service delivery (Luo, 2000). However, standardization might have its negative facets. Laws (1997) states that increased standardization means a reduction in employee prudence, it contradicts customers' expectations of being treated as individuals with needs. The efficiency in goals achievement may conflict with the customers' anticipation of warm and friendly service.

Booking conditions

It is clear that travellers lose their rights if they do not sign a contract with the travel agency. According to the regulations, booking procedure and detailed written information regarding all the booking conditions should be made known to the public. Booking conditions are printed out on the contract in an official form which will be retained by the travel agency once the contract has been signed by the client. The travel agency should hand over the contract to clients who should also retain their own copy. The booking conditions in the contract specify the responsibilities of the travel agency, it also includes the promise to supply the service as in the brochure and a list of circumstance under which the travel agency would be entitled to make changes (see Wu, 1999).

Cancellation charges are detailed in the contract. They are usually no more than the deposit if the client cancels at an early stage. However, higher charges will be made if the cancellation is made at a later stage (more than 31 days 10% of holiday cost; 21-30 days 20% of holiday cost; 2-20 days 30% of holiday cost; 1 day before 50% of holiday cost; 100% departure date or after). The deposit is often 10% of the cost of the holiday but is usually negotiable. Customers have to pay their remaining costs in the pre-tour induction or 3 days before the departure date. Cancellation charges seem to be much less restricting than those in the West (see Horner, 1996).

The contract also indicates that the travel agency is entitled to cancel the holiday 7 days prior to the departure date if the trip does not reach a minimum number of clients. The number depends on each individual travel agency but very often the requirement is to have at least 15 bookings. Meanwhile, the travel agency may not transfer a contract to other travel agencies without the consent of the client. In case of changes to a package holiday that are beyond the control of the travel agency, the travel agency is not required to give compensation. The booking condition also indicates that in the interests of travellers, the arrangement of shopping activities shall be listed on the itinerary if there are any.

The booking conditions do not give advice to clients regarding complaints if the holiday goes wrong. However, the central administrative authority has published the details of the complaints procedure, and provides a free conciliation service. In addition, the authority advises customers to read the booking conditions carefully to

ensure that they know their rights and obligations, since many disputes occur because they (both customers and travel agencies) do not adhere to the booking conditions.

2.4.3 Distribution in Taiwan

The travel sales distribution system sets up a link between supply and demand and makes services and products available to customers. The intermediaries, an organization between the providers of tourism services and travellers, have a strong influence on travellers' purchase decisions mainly through advertisements. Tour wholesalers assemble tourism services into a package tour and offer it for sale through retail travel agents (Mill and Alastair, 1998; Middleton and Clarke, 2001). Most tour operators are wholesalers. There are two major types of tour operators: direct sell tour operators who advertise products and sell directly to the public; wholesale tour operators who do not accept direct bookings from the public but operate tours exclusively through travel agents[1]. Some tour operators do both, for example, Thomas Cook and American Express are both wholesalers and retailers (Lavery, 1996). The General T/As in Taiwan also do both.

Many travel agencies in Taiwan have joined the International Air Transport Association (IATA) in order to sell international airline tickets, since overseas travel is the major market. Travel agencies in Taiwan had particular selling channels and did not distinguish clearly between them until 1988, when the General T/A was classified. However, in practice, the role of the General T/A and that of the A-Type T/A still overlap. Figure 2.1 illustrates the current group travel sales distribution system in Taiwan. In this selling channel, both General and A-Type T/As might work as tour operators (based on the regulations, A-Type T/As should not act as wholesalers).

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[1] see Chapter One, Section 1.5 Definition of terms

Figure 2.1 Group travel sales distribution system in Taiwan

Principals	Wholesalers (Tour operators)	Retail travel agencies (Travel agents)	Clients
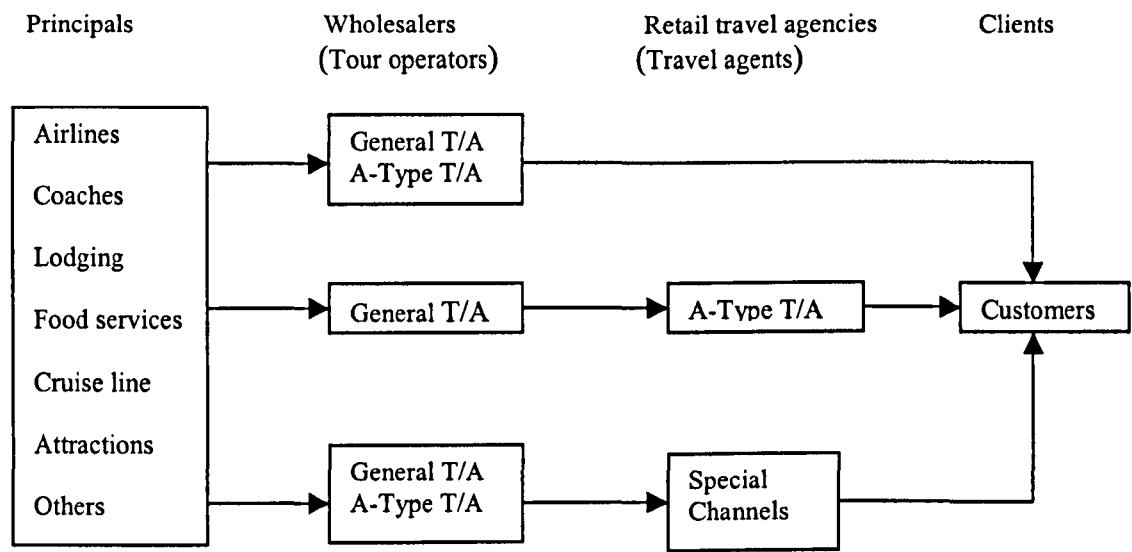
Adapted from Gee et al. (1997)

Group travel sales are classified into 3 different channels (see Figure 2.1). Customers may purchase their travel products directly from General or A-Type T/As who are tour operators. They may purchase General T/As' products through a travel agent who is an A-Type T/A or purchase General or A-Type T/As' products (who are tour operators) through a special channel. The special channel is usually an illegal travel agent such as the "Kau Houn" or the "Cow Head". The special channel can also be a non-profit tour organizer who helps travel agencies to organize tours on behalf of the third party. T/As' selling in Taiwan very much depends on personal relationship (Zheng, 1988), particularly for small sized A-Type T/As, but for the General T/As their sales are also dependent heavily on the media, such as travel magazines and newspapers.

2.5 Preferences of Taiwanese travellers

After years of improvement, the outbound tourism market in Taiwan and the concept of travel have changed. More young and female travellers have joined the outbound market, the average age of travellers has also fallen steadily and travellers are much better educated. They have become more independent and more aware of their needs. They plan their trips and spend more time reading the travel document. They are more aware of their rights, and are more concerned about the contents of the itinerary (Rong, 1992). Package tours are the preferred mode of travel. However, during their

travels they spend more of their time touring and shopping, rather than relaxing -
although the Taiwan Tourism Bureau (1999f) showed that relaxation on tour is
becoming more of an issue with travellers.

Taiwanese travellers have consistently demonstrated strong shopping power. Based
on WTO (World Tourism Organization) statistics in 1998, the world's top tourism
spender was the United States (USD 74,240 millions), while Taiwan was ranked 17th
with USD 6,500 millions. Among total tourism expenditure, Taiwanese travellers
spent 19.2% of expenditure on shopping, particularly for cigarettes/ wines and
clothes. In comparison with other countries in Asia, Taiwan's tourism expenditure
was ranked number three, after Japan and China (Taiwan Tourism Bureau, 1999c;
Tourism Market Trends, 1999), but the average expenditure per trip abroad in 2001
was USD 1,384.13, second only to Japan (Taiwan Tourism Bureau, 2001).

The "Outbound Tourist Expenditures and Trends Survey" sponsored by the Taiwan
Tourism Bureau has been carried out annually since 1994 for the purpose of gaining
an understanding of outbound travel trends, behavioural patterns, expenditure, and the
degree of satisfaction of Taiwan residents travelling abroad (Taiwan Tourism Bureau,
1999a). The results of the survey are used by the tourism authorities as a reference for
providing assistance to outbound tourists, and for domestic and foreign organizations
to use in formulating their promotion and marketing strategies.

In 1996, a survey of Taiwanese group travellers selecting outbound travel destinations
indicated that national scenery and history-culture background, price, local weather,
and shopping attractions are crucial; however, these factors might change from time to
time due to the previous year's tourism incidents. In terms of selecting a travel
agency by general travellers, the survey indicated that the recommendation of friends
and relatives plays an important part in their decision-making (Taiwan Tourism
Bureau, 1997b).

In 1997 another survey based on Taiwanese group travellers and travel agencies – 155
questionnaires to travel agencies and 4585 questionnaires to customers – regarding
travellers' behaviour found that there was a gap between the travel agencies and their
customers in travel perception (Lin, 1998). For instance, in selecting a group tour, the
travel agencies considered that consumers are more concerned about price, followed

by itinerary, hotel rooms, the service of tour leaders and local guides. On the other hand, the respondents considered that they were more concerned about the itinerary, followed by safety, the service of tour leaders, local guides, and hotel rooms. The price of the tour was ranked 8th, so it seems that the price was not so significant to respondents. With regard to providing travel information for travellers, many travel agencies did not consider it was significant; however, the customers had different opinions, they considered it was significant (Lin, 1998).

In 1998, a survey of 6068 travellers was carried out at Taiwan's 2 international airports by the Taiwan Tourism Bureau. The findings indicated that for guided package tourists 'the itinerary meets their needs' was the major reason in selecting a travel agency which was followed by friends and relatives recommendation, the company's arrangements, familiarity with the travel agency, the advertisement, and a reasonable price. The survey also indicated that local scenery rather than other services had the higher satisfaction. In terms of expenditure, shopping expenditure was rated as the highest percentage of total expenses (Taiwan Tourism Bureau, 1999g).

In 1999, a survey based on 4,903 questionnaires showed that the low price of the tour and the low cost of the destination are crucial factors in choosing travel destinations; Taiwanese travellers were very much price-oriented. It suggested that the travel agency should consider carefully its selection of a travel destination and quoting a price when planning a tour (Taiwan Tourism Bureau, 1999f). The result seemed quite different from the survey in 1996. However, many evidences including the majority of travel agencies' opinions have shown that price rather than quality is the Taiwanese travellers' major concern in selecting a tour.

A recent survey (Pan, 2000) based on 2435 questionnaires in 2000 found that although joining a group tour remained the priority for outbound travel, there was an increase in travellers who prefer to travel alone. The survey also indicated that apart from the cost of the tour, Taiwanese travellers' decision in choosing an outbound group tour is influenced by the itinerary (the attractions visited), followed by hotel rooms (number of stars), meals (number of dishes), transportation (mainly the use of the airline company, not much demand for the use of coaches), the tour leader, local guides. The reason that the tour leader and local guides were not considered as having

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an important influence might be because customers do not know who they might be and could not make a judgement. In regard to the contents of the itinerary, the younger travellers prefer to have more free time to explore the areas of local interest but older travellers prefer to have everything included. In terms of choosing a travel agency, the survey indicated that 'word of mouth' is the most important factor followed by the price of the tour, the service attitude of employees, the advertisement, and then personal hobby (Pan, 2000). However, the researcher found that the results of the survey were not accepted by some of the managerial levels of travel agencies even though previous surveys also indicated similar results. Based on the current market structure, travel agencies believe that price is the most important factor rather than image. They suggested that consumers in the Taipei capital city area are more independent and may be concerned about the image of the travel service, whereas consumers who are live in the centre or the southern part of Taiwan are more concerned about price and depend very much on personal relationships (Pan, 2000).

Chiang, Hsieh, Bahniuk and Liu (1997) in their study of a comparison of outbound pleasure travellers from the Netherlands and Taiwan indicated that Taiwanese travellers are more likely to travel alone or with friends and business associates than Dutch travellers when they join a guided package tour. They also indicated that out of forty-eight travel activities, Taiwanese travellers are interested more in sightseeing in cities; visiting the big, modern cities; shopping; dining in fine restaurants; and visiting historical places. In terms of travel philosophy, they found that Taiwanese travellers prefer guided tours when taking overseas vacations. In terms of travel benefits, they indicated that an exotic atmosphere and outstanding scenery were important. Other important benefits included environmental quality, going to places they have never visited before, learning new things, a change from a busy routine, and relaxation.

It seems that the results of the above surveys have demonstrated some similarities and some differences. It shows that although FITs will increase, the group tour is still widely accepted and has a significant market share in Taiwan. The results also indicate that there are perceptual differences between the travel agencies and customers regarding customers' selection of a tour. But it is clear that customers are concerned about the price in selecting a tour and then the contents of the itinerary if the price is acceptable. They listen to friends and relatives' recommendations and shopping seems to be their favourite activity.

2.6 The package tour

2.6.1 The historical development of package tours (inclusive tours)

The reasons for travel have taken many different forms, from travel for health, education, religion, trade, relaxation, or a combination of them. The crusades and pilgrimages formed the early development of travel activities. In general, tourism is not a modern time product, but it can be traced back to ancient times, mainly for aristocrats and upper-class merchants. A new form of tourism developed in the early seventeenth century; the grand tour, a learning tour for young noble Englishmen, formed the characteristic of modern travel and triggered the growth in travel worldwide. Of course, the development of travel was not possible without other factors. The Industrial Revolution and its social changes brought in new features of travel activities, economic prosperity and other conditions which made mass travel feasible (Gee, et al., 1997; Holloway, 1998).

The first package tour can be traced back to a British entrepreneur, Sir Rowland Hill, who organized the first package tour to witness a public hanging. In 1841, Thomas Cook, a British preacher, combined several service elements and organized a tour (train excursion, Leicester to Loughborough) with 570 customers at a group rate. The success of this innovation had a great impact on the future travel industry's development; many of the features in current inclusive package holidays were inspired by his success. Cook's success was due to the care he took in organizing his programmes to minimize problems (Gee, et al., 1997; Horner, 1996; Holloway, 1998). The advent of efficient transportation encouraged the development of tourism from domestic travel to the international level. Cook and his son then expanded the package tour overseas, from the European continent to a cross the Atlantic and to Asia (Horner, 1996). In 1872, Thomas Cook took the first group of tourists around the world (Laws, 1997).

Tourism expanded as people's leisure time increased and paid holidays became widely available (Horner, 1996; Holloway, 1998). The introduction of the new commercial jet in 1958 led to an increased interest in overseas travel. Mass tourism has emerged since the late 1950s. After the Second World War the package tour was

developed and its popularity increased dramatically during the 1960s. The growth was due to low airfares (charter flights) that stimulated demand for low-cost vacations (Mill and Alastair, 1998; Holloway, 1998). Nowadays, a package tour can be composed variously as regards the way in which the tour is taken. A north-south journey has the advantage that travel is within the same longitude, and avoidance of jet lag becomes an attractive bonus for this market (Holloway, 1998). In the 1990s the all-inclusive package tour appeared and offered better value attracting a certain market segment and providing more advantage than the non-inclusive package tour.

A package tour can be formed from different aspects. It can be an individual or group package tour but does not necessarily include the services of a tour escort. An escorted (Guided) all-inclusive package tour is an organized tour that includes the services of a tour escort (leader) who accompanies an individual or group throughout the whole journey (Mill and Alastair, 1998). A guided package tour in this study is referred to as a group tour with the combination of a guided tour and all-inclusive package tour.

2.6.2 The nature of guided (escorted) package tours

The package tour is also referred to as an inclusive tour which is composed of a series of integrated travel services including transport, accommodation, ground arrangements, catering, attractions, and other ancillary services. A tour operator puts all the travel services together and sells them at an inclusive price either directly or indirectly to consumers. This product in general composes some 'hard' tangible elements with a high proportion of 'soft' intangible service elements (Westwood, Morgan, Pritchard and Ineson, 1999). The intangible nature of the package tour makes the travel agency heavily dependent upon the company's image and word of mouth. Additionally, the quality of intangible products is difficult to predict. The purchase of a package tour involves a high degree of trust by the purchaser (Holloway, 1998). Levitt (1981:96) stated that "the most important thing to know about intangible products is that customers usually do not know what they are getting until they do not get it". Based on the characteristics of the package tour, the intangible products are sometimes out of the tour operators' control. Naturally, customers may have less confidence in a product if they have never tried it before.

The package tour has its popularity; it sells dreams to tourists. Since the wholesalers make provision for the mass market, their volume sales have given them a bargaining strength to keep prices down in many aspects which enable them to offer the lowest price to the general public (Lavery, 1996: Middleton and Clarke, 2001; Goeldner and Ritchie, 2003). Tour operators integrate numerous suppliers into a package and promote it to travellers in an open market. It makes good use of colourful pictures and the arrangement of an itinerary with the description of interesting and exciting places and events the travellers will experience, so as to appeal to potential travellers. The package tour attracts customers through offering prices lower than travellers would pay for these services on an itemized or individual basis (Gee et al., 1997). There are a number of distinct advantages for the guided package tour (Schmidt, 1979; Quiroga, 1990; Webster, 1993; Enoch, 1996; Mancini, 1996). First, it offers companionship as travel is with a group and thus offers more opportunities for developing friendships or romance. Second, it is usually less expensive than an individual trip using the same itinerary. Third, many services are included which are more convenient and which reduce worry for travellers. Fourth, travellers save time and hassle through the tour leader's escort, and gain learning advantages by being conducted by the tour guides. Fifth, tourists get the feeling of safety. Many researchers believe that economy and overall convenience are the most important motives for purchasing a package tour.

On the other hand, some consumers perceive package touring as an unpleasant form of travel, with limited freedom, forced companionship, tight itinerary, uncomfortable bus rides and a lack of alternatives. There are a few weaknesses in the guided package tour. First, in general it tends to visit more sites on a trip in a short time. Second, the pre-designed, customer-made product with a fixed itinerary is not suitable for all customers. Third, it is less flexible and unlikely to meet all the tourists' needs. Ritzer (1993) claimed that the package tourists isolate themselves in the tour coach and hotel rooms and hardly experience the authentic world in the countries they are visiting.

Despite these weaknesses, guided package tours are popular for certain market segments and especially for tourists who are advanced in age, or lack language skills, or travel alone, and for first time travellers (Mancini, 1996). Quiroga (1990), in studying the characteristics of package tours in Europe, concluded that tourists (from Latin America) from age 46 are more likely to choose the guided package tour. Sheldon and Mak (1987), in studying the demand for package tours, found that

American travellers were inclined to choose package tours when travelling to an unfamiliar destination.

Swarbrooke and Horner (1999) suggested that two important factors affect customer satisfaction on vacation. First, mental stress results from various aspects of the vacation experience such as breach of contract by the service providers (see figure 2.2) and second, too little stimulation can result in boredom and dissatisfaction. Foster (1985) stated that people who undertake touring are motivated by a desire to visit as many places as possible. Often they remember little about the trip or the places visited after they return home. A more leisurely schedule with time to explore local interests is necessary for full enjoyment of the trip. In addition, the effect of group size on group members has advantages and disadvantages. However, a large group tends to have less cohesion and influence on the degree of service quality (Cartwright and Zander, 1980).

There is no guarantee that the service will not have shortcomings and negative incidents may be out of the travel agencies' control – such as bad weather, flight delays, bad service by other providers, and strikes by local unions. Moreover, it is of a highly labour intensive nature and this makes the service encounter difficult to manage and standardize. In a sense, customers' satisfaction depends more upon front-line staff than on staff at managerial level. Appropriate training to minimize conflict is a prerequisite since the cost of dissatisfaction may be greater than any benefit from satisfaction. When travel agencies are dealing with clients, it is important for the front-line personnel to recognize the clients' needs and to establish an atmosphere of harmony and mutual understanding (Horner, 1996). Lavery (1996) stated that the travel agent's (the front-line service personnel) knowledge, expertise and service, rather than the product itself become the major factors in making a sale.

Swarbrooke and Horner. (1999)

2.6.3 The difficulties of Taiwan's outbound guided package tours

Selling guided package tours in Taiwan encounter several weaknesses. The transaction of buying and selling tourism products is different from other products. It tends to cause more argument if things go wrong since customers pay for the tour first and consume it later (Wu, 1999). Secondly, although travel agencies have the responsibility for supervising the safety of other service providers such as the hotel, the restaurant, or local guides and have to take many precautions against unforeseen problems – they are, nevertheless, an intermediary. It is difficult for them to control or ensure that services are as they ought to be. Thirdly, numerous travel agencies operating with an immature selling plan have caused intense competition and disputation.

<u>The characteristics of Taiwan's guided package tours</u>

Initially, Taiwan's outbound tourism tended to follow the earlier Japanese footstep which emphasizes group inclusive travel. Travel agencies arrange for almost every facet of the tour which gives individual tourists very little freedom to participate in other activities that are not prescheduled in the tour itinerary (Prideaux, 1996). Compared with other developed countries, Taiwanese travellers as well as the travel industry are in the transition stage and are relatively inexperienced. Yang (1994) stated that Taiwanese citizens needed to improve their perceptions of the concept of leisure activities. Their concepts about the value of a vacation have been distorted. They complain if they have paid a lot for a tour, and constantly expect tour leaders to fulfil their demands.

The growth of package tours in Taiwan has benefited from the airlines which were able to open up air travel to passengers through low prices. But on the other hand, a travel agency needs to be able to get a block seat booking in order to organize a group tour. Although under deregulation, the numbers of airline companies have grown, international flights are still restricted. Limited aircraft seats particularly in the high season have hindered travel agencies from planning their itineraries freely and very often customers get upset with the travel agency due to its uncertainty in booking of air seats.

Once airline bookings are confirmed, the guided package tour is assembled and is usually offered in a brochure (many just on a leaflet) with a fixed price which often conveys a vague impression to customers because travel agencies expect to attract more customers through colourful pictures and appealing sentences. In a sense, each individual customer develops different perceptions and anticipations of the travel service although almost every travel agency offers advice on passports, visas, vaccinations, travel reading, and travel insurance (Mill and Alastair, 1998). Traditionally, travel agencies and tour leaders in Taiwan are expected to offer a wider range of service and have more responsibility to their customers than in the West. With the advertised guided package tour, the travel agency is also responsible for the arrangement of travel documents such as passports and visas, all the meals on the tour, fees for luggage, accident insurance, and an escort service who must travel with group members during the entire journey rather than just meet up at the destination

airport. In addition, each tour participant will be invited to attend the pre-tour induction. On the date of the tour departure, an administrative staff member will be sent to the airport to assist the tour leader with airline checking in. The above-mentioned fact shows that a travel agency must commit significant manpower in handling a group tour.

Market segmentation, a technique used to divide a heterogeneous group into homogeneous sub-groups, has been considered good practice in many businesses and is able to satisfy both those who are price-oriented and those who are more quality obsessive. To cope with the needs of different travellers, several tour operators, such as General T/As, have targeted customers by market segmentation based on different levels of pricing. One well-known company targeted two different market segments with the same itinerary but with different quality and pricing. The company eventually gave up the strategy since the higher price of the tour product did not attract much interest from customers due to the intense competition and the popularity of low price tour products. They found that customers tended to select low price tour products but demanded high service quality (Taiwan visitors Association, 2001). The phenomena might not all be the customers' fault since many customers are actually misled by unclear contents on the leaflet or by travel agents' interpretation; travel agents are also under pressure from price competition.

Since Taiwanese travellers are well known for their shopping interests, almost all the outbound tours arrange shopping activities for tour members, either advertised in writing or described later by the tour leader in order to satisfy customers' needs or for the purpose of receiving commissions. The local tour guide plays an important role in arranging shopping activities. Most local tour guides are Chinese-speaking guides who are hired by the local ground operators and do not have a certified guiding license (unless some countries insist that guides must be local nationals). Many travel agencies also use shopping guides who are employees of local shopping outlets for local tour guiding in order to reduce the cost of a tour. These shopping guides will usually encourage customers to shop or provide convenient shopping opportunities which very often interferes with the pace of an itinerary.

In the tourism market, a distinctive product cannot be patented. The life cycle of a profitable tour product is short, it will be imitated and face intense competition. As a

result, travel agencies do not want to develop new products and most itineraries are identical. Many travel agencies blame the Tourism Bureau for the intense competition, in particular the existence of illegal travel agents. The illegal travel agents, such as the "Kau Houn", have a notorious reputation. Some travel agencies are willing to share their offices with the "Kau Houn" because they can contribute to the rental costs of the office with the travel agency or may even collaborate with the travel agency organizing an outbound tour. However, the bad image of some travel agencies has reduced customers' faith in the travel services and customers are worried about selecting the right travel agency. To protect customers' interests, the tourism administration has provided information such as the current price of various tours, and warned customers to avoid doing business with those companies which provide unusually low prices. Part of the Bureau's advice to customers was to visit the travel agency's office and to have face-to-face contact with its employees for reassurance.

Intense competition

In Taiwan, the competition for the outbound travel market is fierce and tours often operate on low margins (Heung and Chu, 2000; Wang, Hsieh and Huan, 2000). Due to the excessive number of travel agencies and intense price competition, many travel agencies blamed the Tourism Bureau for such dreadful management. They are unpractical in certain policies, such as the requirement that tour leaders be licensed; the tourism market is very seasonal and many large General T/As actually do not have enough licensed tour leaders to perform the job in the high season. In the meantime, just taking the exam does not necessaries mean that a tour leader is better qualified. To cope with inspections at the airport by the authority, travel agencies have to arrange for a licensed tour leader to cover for the person who is actually doing the escort but who does not have a legal license.

In 1992, the Tourism Bureau's implementation of enforcement action against agencies operating illegally was 135 cases and they were fined a total of NT$ 4,225,500 (Taiwan Tourism Bureau, 1992). In 1995, 124 cases were prosecuted and fines totalled NT$ 3,546,000. In 1997, 65 cases were prosecuted (Taiwan Tourism Bureau, 1997). In 1998, the Tourism Bureau acted against 67 cases of illegal travel agency operations. In 1999, it was 81 cases. In 1998, the Taiwan Tourism Bureau reported that there were 104 travel agencies that had gone out of business (Luo, 1999). A few

travel agencies have urged the government authority to pay more attention to the issue of illegal travel agencies' operations and to revise the regulations in order to legalize them. However, the authority claims that they have done their best in prosecuting illegal operations and responded that travel agencies should be responsible for this as well since they have covered up for those illegal practices. Nevertheless, Yang (1994) stated that the government was short-sighted and did not anticipate problems. They waited for things to happen and then made the rules. Sometimes they did not enforce the rules, for example, many Taiwanese went to Mainland China for years before the ban was removed and government just pretended nothing was happening until more disputes and travel incidents happened.

As competition in tour operating became more intense, tour operators tended to focus on low prices rather than quality. As a result, the profit margins of each tour were trimmed. The critical factor in most travel agents selection of a particular package tour is the reliability and efficiency of the tour operator, but the majority of travel agents are more concerned with the attractiveness of the price (Mill and Alastair, 1998). It is common for travel agents to receive 10% commission from the tour operators (Horner, 1996). However, the system does not exactly apply to Taiwan's travel agents. It is not customary for General T/As to draw up formal agreements with A-Type T/As (travel agents), since the General T/A usually does not have its own agents. Although General T/As tend to offer the same price to all the travel agents who book the tour, the terms and conditions of trading are negotiable and very much depend on relationship or previous sales volumes (In the UK, based on the ABTA Codes of Conduct, agents should not offer special inducements to their clients, their sales should only be made at authorised prices (see Renshaw, 1997)). Meanwhile individual relationships also influence the price they pay, ultimately the customers do not pay the same price for a group tour and it is common for customers to compare the price they have paid when on the tour which eventually causes distrust between travel agencies (agents) and their clients.

The immature selling plan/assembling procedure in Taiwan is also a problem. Tour operators usually plan inclusive holiday packages at least one or two years before the departure date (Lavery, 1996; Middleton and Clarke, 2001). However, this is not always applicable in the case of Taiwan. Taiwan has a particular market phenomenon, which is that the idea of early stage pre-booking seems to be difficult, particularly for

the middle or small sized travel agencies. It is believed that the travel agencies plan their package tour just 3 months before the start time, so the itinerary and price might not be known before that time (Taiwan Tourism Bureau, 1999f). Since Taiwan is a small island country, the outbound tour involves international flights which usually makes this problem worse – it is difficult to get air space without early booking. Meanwhile, Taiwanese travel characteristics – many travellers do not plan their vacation in advance, they tend to book a seat at the last minute which perplexes travel agencies in operating group tours and make it difficult for them to cope with customers' immediate needs (Huang, 1993). Additionally, middle or small sized travel agencies may not have enough customers at the end and may have to cancel or change the time of departure as a result which usually irritates customers and results in suing by customers.

As well as the intensive market campaign and customers' price-oriented attitudes which have resulted in a price war, the trust between General T/As and their travel agents (A-Type T/A) are also facing a challenge. Some General T/As purposely pass on the commission saving directly to the consumers. In this way the agents' position is not protected – they do not get commissions/profits from the wholesalers. In consequence, many agents do not feel secure and do not want to hand over their customers to General T/As due to the fact that some General T/As promote their products directly to the group members when on tour.

Another aspect of market competition is related to the conflicts between the General T/As and the A-Type T/As. Only the General T/A is authorized to engage in both tour wholesaling as well as retailing. Although the regulations re-enforce that the A-Type T/As should not act as a wholesaler and sell their products through any other travel agencies, it appears that this still happens (Taiwan Tourism Bureau, 1999d). Since most General T/As are mass outbound tour operators, they tend to appeal to all market segments by both choosing to market their products through travel agents and by targeting customers directly through their direct-sell departments. This practice annoys A-Type T/As because it cuts out their market share. By contrast, A-Type T/As are retail travel agencies but collaborate with other A-Type T/As in order to survive. The classification was debatable and has been criticised; many practitioners believe that the Tourism Bureau were responsible for this battle because of its neglect of the facts. In 1997 a new provision was promulgated to settle this dispute. The new

provision reinforced the business classification between General T/As and A-Type T/A and their legal responsibilities. Many A-Type T/As saw the General T/As as a major threat and decided to convert themselves into General T/As.

2.6.4 Disputes between service providers and customers

Competition can improve the quality of products but competing solely on price has a negative impact on the market. According to the Taiwan Tourism Bureau's report (1992), the number of cases of disputes between customers and travel agencies has increased since the government removed the ban on visiting friends and relatives in Mainland China and reported that on average it had mediated 150 cases disputed per year. In 1996, the Tourism Bureau and the ROC Travel Quality Assurance Association handled a total of 672 travel disputes. In 1998, the Tourism Bureau enforcement mediated 62 cases of travel disputes and assisted the Travel Quality Assurance Association in 482 cases (Taiwan Tourism Bureau, 1998). Along with the increased outbound population, disputes between travel agencies and consumers have increased (Tshai, 1996). In 1999, the Bureau mediated 51 cases of travel disputes and assisted the travel Quality Assurance Association in 681 cases (Taiwan Tourism Bureau, 1999a).

The short-haul destinations (Mainland China and Southeast Asia) cause more disputes because of the large volume of travellers (5,852,422 in 2001 to Asia; 263,966 to Europe), higher price competition, client segment, and a greater reliance on local guides' management. The travel agencies have mostly been responsible for these disputes. For some reason, the travel agencies perform their service differently between long-haul and short-haul destinations. In Asia the arrangement and service of tours are more likely to depend on the local tour guide rather than the tour leader. As a result their service is less likely to meet customers' needs (Tshai, 1996).

The reason for disputes included cancellation before departure, followed by flaws in the itinerary, poor service quality of tour leaders/local guides, mistakes in booking aircraft seats, and errors on travel documents such as passports, visas (Lin, 1999). Additionally, it was found that the tone and wording of brochures are misleading, or the amenities of local sightseeing and hotel grade do not match the standard described in the brochure (Tshai, 1996). Many disputes occur due to perception differences

(Tshai, 1996) and it is believed that one reason for the perception differences is that customers do not read or sign the contract (much empirical evidence indicates that for some reason, travel agencies are not enthusiastic about signing contracts with their customers).

Tshai (1996) concluded his research by pointing out several key reasons for disputes.

1. Promises prior: In order to please potential clients, the salespeople or the company tend to make assurances which they cannot keep.
2. Negligence and poor communication: Negligence in the itinerary arrangement and the processing of travel documents or poor communications between salespeople and operational personnel (salesperson forgets to deliver what the clients require).
3. Intense competition: Some travel agencies provide unrealistic information to attract customers' attention or use low prices to appeal to customers but once on tour, customers have to pay extra fees for each service.
4. Problems of tour leaders or tour guides: (see section 2.6.3 tour leaders/tour guides in Taiwan).
5. Customers' perceptions: Due to a lack of travel experience and mis-perception of the role of travel agencies, customers tend to blame travel agencies for any mistakes.
6. External factors: such as unforeseeable events, bad weather, poor service from other service providers.

In order to cope with these problems, the government has imposed many restrictions on the travel agencies' selling. Yang, (1994) coordinated those ordinances and stated that from a legal point of view, the travel service industry should have the following characteristics:

1. Be trustworthy – fulfil all the promises as advertised in the media
2. Be aware of customers' safety – should have travel insurance to cover all tour members
3. Should guarantee employees' quality – the manager as well as the person who wants to be a tour leader should be qualified.

Many travel disputes have been sensationalized by the media so that the general public have lost their confidence in the services of travel agencies. The Tourism Bureau considers that through education campaigns, travel disputes between the travel agencies and customers should be preventable (Hung, 1993). Clearly, both government authorities and travel agencies have spent much effort on employees' training schemes, but they seem to focus more on their professional skills rather than service attitudes. In dealing with many cases of disputes, the Travel Quality Assurance Association R.O.C. (2000) found that customers expect the service personnel to take the initiative in providing travel information; they get upset if they have to call service personnel for travel information.

2.7 Tour leader

2.7.1 The role of the tour leader

The tour leader manages a group movement over a multi-day tour and has close contact with the tour participants. This person may be an employee of the tour operator, a professional tour escort hired by the tour operator, or a representative of the travel company sponsoring the trip. The term tour leader is also used to describe the tour manager, tour conductor, tour director, or tour courier in Europe. Indeed, some tour companies prefer to call their tour leader 'tour guide' to stress their employees' sightseeing commentary skills (Mancini, 1996). However, in practice the role of the tour guide is different from that of the tour leader. A tour guide is 'one who conducts a tour' or one with ' a broad-based knowledge of a particular area whose primary duty is to inform' (Pond, 1993:17).

Tour leader performance

Both researchers and practitioners have identified the qualifications that the tour leader should possess. Mossberg (1995) chose an ambitious multi-attribute model which has eight variables including reliability, ability to handle complaints, willingness to take part at any time, ease of reach, ability to inform about manners and customs, ability to handle difficult situations, knowledgeable about sights, and pleasantness and helpfulness. More realistically, the person conducting a tour needs a combination of many skills and faces many challenges – particularly as the tour

product becomes more sophisticated and service-oriented and as the number of tourists increase. The person is a psychologist, diplomat, flight attendant, entertainer, news reporter, orator and even translator and miracle professional (Mancini, 1996). Quiroga (1990) considered the person should be intelligent and cultured, friendly and kind, and a human person. To be successful at this job is not an easy thing to achieve. Quiroga (1990) suggested that with respect to the personal qualities of the tour guide, clarity of expression, organizing ability, working ability and stamina, self-confidence, and a good sense of humour are considered by tourists to be extremely important. In Hughes' (1991) cultural tour satisfaction study, he identified that the tour guide (tour leader) should be able to: (1) provide interesting commentaries, (2) interact with the tour members, and (3) ensure the itinerary was running smoothly. Webster (1993) noted that 'keeping the participants happy' and 'making sure that all services are provided as contracted' are the main responsibilities of the 'escort'. Webster also suggested ten dos and ten don'ts for escorting a tour. Theoretically speaking, the ten dos and ten don'ts may act as guiding principles for escorting a tour.

One of the challenges to the tour leader is to offer a more personalised level of service to group participants. Unfortunately, Pond (1993) discovered that "condescending", substandard behaviour toward groups is rampant throughout the industry. He suggested a few tips to help tour guides (tour leaders) in building rapport and maintaining cohesiveness with tour members during the tour. He considered that leadership and social skills are significant in the guiding experience. Stein stated that "so many guides (tour leaders) forget the most important, most obvious bottom line: that people are here to enjoy themselves" (see Pond, 1993:104). Holloway (1981) suggested that most tourists seek or expect a unique experience of some kind while on their trip and recommended that tour guides may use their dramatic skill to enhance participants' emotional feeling on the trip and make the itinerary vivid and vigorous.

The tour guide and tour leader have been recognized as important people in the development of the group tour but have also been considered a subject of controversy (Quiroga, 1990). To act as a professional and demonstrate leadership, Stevens (1990) warned that a tour leader should never become personally involved with a tour member as this may result in losing control of the tour. Undoubtedly, the tour leader is under considerable pressure during the service encounter. It requires patience and care to accomplish the task. Mancini (1996) offered strategies for managing a tour group,

which suggested that the 'tour manager' must be fair; praise a tour group's behaviour; exceed the client's expectations; be firm when facing disruptive behaviour; encourage client 'adulthood'; exercise leadership; be flexible.

Apart from professional skills, selection of an appropriate tour leader is also crucial. Lopez (1980) considered that leadership styles of tour leaders during a tour are related to customer satisfaction. Lopez suggested a general principle in assigning tour leaders to traveller' groups. Lopez considered that in the initial period of the tour, the group members are more satisfied with the tour quality under authoritarian leadership. By contrast, in the latter part of the tour, the group members are more satisfied under democratic leadership. As a result, clear structuring of orientation sessions for travellers may be very important at the initial stage of the tour, which may enhance the confidence of the travellers. More flexibility at the latter stage may help the travellers fulfil their desires and encourage participation in unscheduled group activities.

Many empirical studies have shown that the tour leader is the most crucial person responsible for achieving customer satisfaction. Mossberg (1995) studied a charter tour and emphasised that a tour leader's performance is a key factor to differentiate the tour from its competitors. His or her performance within the service encounter not only affects the company image, customer loyalty, and word of mouth communication but can also be used as a competitive tool. Geva and Goldman (1991) investigated guided tours from Israel to Europe and the United States and suggested that the 'tour guide' (leader) is undoubtedly vital to the tour's performance. But customers' satisfaction with the guide's performance and with the tour does not necessarily cause customers to favour the company offering the tour (Geva Goldman, 1991). However, Grönroos (1978:598) stated that 'it is the guide who sells the next tour'. Therefore, Mossberg (1995) proposed that an enhanced understanding of what is happening during the service encounter between tour leader and the customer is essential.

Many researchers suggest that to be a successful tour leader, he or she needs a wide range of versatile professional skills and a flexible personality. Nevertheless, given the low salaries, the limited amount of training and the high job pressure this ideal employee seems unlikely to exist in the real world of tourism. For example, the R.O.C. Tourism Leader Association indicated that in 2003 Taiwan's inbound and

outbound tourism were seriously affected by the SARS (Severe Acute Respiratory Syndrome). There are 13,000 tour leaders (in total, there are 25,000 Taiwanese who are licensed tour leaders) working in Taiwan's tourism industry but some of them have planned to switch their careers. However, the Association is worried that when the tourism market recovers, the shortage of tour leaders will affect the service quality and customers' rights (R.O.C. Tourism Leader Association, 2003).

So what affects the tour leader's performance? Salary and benefits enhance tour leaders' performance, particularly tipping, and commissions from optional tours and shopping. A tour leader makes about US$2 per person per day in gratuities from tourists in European countries (Mancini, 1996) and US$4-6 in a long haul inclusive package tour in Taiwan - both gratuities are recommended by the tour operators. An optional tour is a tour that is not included in the tour price and which a participant can purchase during the tour from the tour leader. The tour leader usually gets 10 to 20 percent of what the participant pays for the optional tour (Mancini, 1996). Shopping is a common activity for Asian tours. A good range of shopping facilities is an important attraction for Taiwanese tourists (Mok and Lam, 1997). A tour leader steers a group into a souvenir store often receiving commissions (many tour companies limit the practice to contracted stores, others ask the tour leader to give half of the commission back to the company but it can vary under different circumstances). The degree of tourist interest in buying or participating in optional tours and the appreciation for all the hard work the tour leader does, significantly influences the morale, and the tips, of the tour leader.

2.7.2 Tour leaders in Taiwan

One advantage of working in the travel industry is to have more opportunities to travel around the world. As a tour leader, not only are there more opportunities but also one does not have to finance the travel oneself. Consequently, travel becomes the primary aim for most employees who are working in a travel agency. In addition, in the Taiwanese market being a tour leader increases one's earning power – including daily fees, customers' tips, and shopping and optional tours commissions. A touring license is required for those who want to conduct an overseas package tour. The R.O.C. Tourism Leader Association was commissioned by the Taiwan Tourism Bureau to institute a qualification test for those who want to be a tour leader. The

exam is not open to the general public, only registered travel agencies' employees are entitled to participate. The written exam includes two subjects: a foreign language test (either English or Japanese – but mainly English) and tourism knowledge in general. Once a person has passed the exam, he or she has to attend a 60-hour-training-course in order to get the license (Yang, 1994). In the year 2001, a total of 498 persons received their licenses to be a certified tour leader.

To be eligible to take the exam, work experience is also required. High school graduate employees who have at least one-year's work experience in a travel agency are then eligible to take the license exam. College graduate employees whose major is not in a tourism related subject, need at least 6 months work experience. And those who are college graduates and who have majored in a tourism related subject are entitled to take the exam soon after they are employed in a travel agency (Yang, 1994).

Based on the management regulations for the travel industry, the tour leader is classified into one of 2 categories: full-time or contract tour leader. The full-time tour leader is one who works as a full-time employee in a travel agency (not full-time as a tour leader). The contract tour leader is someone who is not a full-time employee of a travel agency (basically, the contract tour leader is a licensed tour leader who is no longer an employee of a travel agency but has become a member of the R.O.C. Tourism Leader Association) but is temporarily or permanently working for a travel agency as a tour leader (Yang, 1994).

Very often, a tour leader is considered as a baby-sitter who has much responsibility and is expected to be well-behaved, knowledgeable, and to follow all the regulations imposed by the government when practicing their job overseas (see Yang, 1994). To ensure tour leaders' service quality, a new rule requires that a tour leader who has not practiced for three years should renew his/her license and join a training course. If tour leaders commit a serious mistake they will be asked to stop the practice or lose their license (Taiwan Daily, 2002).

Although the post of the tour leader is highly regulated, in fact, many travel agencies do not actually follow the regulations for several reasons. First, some travel agencies do not believe that a certified tour leader is capable of doing a better job and prefer to

use experienced employees who have a better service attitude and good tourism knowledge (the only reason they could not get a license is because of their lack of language skills). Besides, for certain destinations, such as those in Southeast Asia, they do not need to have language skills since they can get help from local guides. Second, they do not have enough licensed tour leaders for escorted group tours, especially during the high season, so they cannot avoid using unlicensed employees to carry out the job. Third, occasionally, due to the request of the clients, an unlicensed salesperson will be asked to do the job. Fourth, to reward an employee or salesperson who has performed well for the company.

Strictly speaking, a contract tour leader has more experience than a full-time tour leader in the aspects of escorting, language, and interpreting skills since many of them are full-time tour leaders and need to have better experience in order to be selected. However, they are less loyal to the company, so travel agencies feel that they have no choice but to use inexperienced certified tour leaders or unlicensed tour leaders (employees) who are more loyal to the company. As a result, very often they are careless and customers complain. Tshai (1996) states that customers' complaints about tour leaders/local guides are mainly on their service attitudes, service enthusiasm, professional skills, poor management, and being forced to tip. Other complaints also include shopping flaw and poor interpreting by the local guide.

In order to improve the service quality of tour leaders, some practitioners suggest that for different destinations the tour leader should have different qualifications. Hence tour leaders should be classified into different levels, for instance, a short-haul destination tour leader and a long-haul destination tour leader. Also, in certain destinations, particularly in the United States and Japan, the travel agency may only provide a 'through-guide' service – without support of local guides. A 'through-guide' is a person who is a tour leader but also has to work in the role of local guide. This person must be capable of making all the arrangements as well as being familiar with local events. Many travel agencies actually pay much higher daily fees for a through-guide.

2.7.3 Tipping

The tip is seen as a reward for the performance of some task and very often service providers believe that tipping acts as a motivator for their job performance. People believe that a gratuity should be offered spontaneously and individually based on the level of appreciation the customers have received (Holloway, 1981). Crespi (1947) finds that the reasons customers tip are not only as an incentive and reward but also for fear of disapproval. Therefore, tipping is not always related to service quality. In general, the concept of receiving tips is not seen as unethical, but touting or soliciting for tips is seen as highly unprofessional and down-grades the guides' status (Holloway, 1981).

Gratuities have become an expected part of a service providers or employee's income in many parts of the world (Star, 1988). Bill size is usually the prominent variable affecting the tip amount since customers are used to tipping 10-15% of the amount of the bill. However, research shows that two attributes – controllable and uncontrollable – affect the tip size in restaurants (Lynn, 1988; Lynn and Grassman, 1990). Controllable attributes are related to service quality, such as the server's smile at guests (Tidd and Lockard, 1978), touching guests (Hornik, 1992; Lynn 1996), and writing "Thank You" on the receipt the customer is given (Lynn, 1996). Uncontrollable factors are related to the characteristics of the customer, such as bigger tips are left by male customers (Lynn and Bond, 1992) and those paying by credit card (Garity and Dengelman, 1990). The practice of tipping is not universal. Although tipping is common in the United States, tipping is hardly practiced in Australia, China, and Taiwan, while in Singapore, tipping is officially outlawed (Dewald, 2001).

To tip or not to tip, how much the tourist should tip, and how to collect the tip has been discussed for many years. The custom of forcing customers to tip by the tour leader has been notorious in Taiwan and has caused many disputes. Dewald (2001) reveals that one quarter of Taiwanese travellers, half the Singaporeans, and 7% to 10% of all other nationalities in Hong Kong feel that they have been pressured to leave a gratuity for their tour guides. Part of the reason is that many travel agencies do not pay their tour leaders daily fees or may charge a "Head Tax" on tour leaders. To ensure they get their tips, a few tour leaders collect tips on the first day at the airport; many tour members are obedient to this in order to please the tour leader. To prevent

the tour leader from collecting tips in advance or being overly demanding, most travel agencies provide written suggestions for tipping to their customers. To better solve this problem, a seminar was held by the association of tour leaders R.O.C., Tourism Bureau Ministry, TQAA, and representatives of tour leaders to discuss the appropriate amount of tips (Taiwan Visitors Association, 2001). They suggested that travel agencies and customers tip per person per day the following amount (see Table 2.4):

Table 2.4 The suggestion of tipping

Destinations	Amounts of tips per customer per day
European destination	US$ 8-10 for the tour leader, the local guide, and the driver in total
New Zealand, Australia	US$ 4-6 for the tour leader, US$ 2 for the driver
Japan	NT$ 200-300 for the 'through-guide'
South-east Asian	NT$ 200 for the tour leader (NT$ 100 for the tour leader in Mainland China). (The local guide and the driver NT$ 100-150 in each – shared by all the group members)
Hawaii	US$ 3 for the tour leader, US$ 2 for the local guide
West of the United States	US$ 2-4 for the 'through-guide', US$2 for the driver
Middle and South America	US$ 4-6 for the tour leader
East of the United States	US$ 4-6 for the tour leader, US$ 4 for the local guide, US$ 2 for the driver
India and Nepal	US$ 4 for the tour leader, US$ 1-2 for the local guide, US$ 1-2 for the driver
Middle-East	US$ 4 for the tour leader, US$ 2 for the local guide, US$ 2 for the driver
South Africa	US$ 4 for the tour leader.

Source: Taiwan Visitors Association, 2001

The Table shows that the suggestions vary according to the different destinations. They suggest that customers tip NT$ for short-haul destinations and US$ for long-haul destinations. The tour leader, the local guides, and the drivers get different amounts of tips but usually the tour leader gets more than the other two. The through-guide receives more pressure and commonly gets more tips than regular tour leaders. In general, most travel agencies suggest that their customers tip US$ 8-10 per person per day. There is no evidence to show whether tour leaders get the full amount of tips suggested by their travel agencies. It is reasonable to believe that they don't since the concept of tipping is not customary in Taiwan. In Taiwan only hotel and airport porters are tipped (Dewald, 2001) (Taiwanese restaurants usually add a 10% mandatory service charge to the bill).

2.8 Conclusions

Although the tourism market in Taiwan is well developed and Taiwanese travellers footprints can be seen around the world, the organization of Taiwan's outbound tourism and the concept of pleasure travel seems to require a lot of improvement in comparison with most developed countries. Certainly, the organization of travel might improve as time moves on since the government authority has put great effort into employee training as well as travel education for the general public. But the occurrence of intense competition and continuous disputes among both travel agencies themselves and customers may not be eradicated unless several practices can be totally reformed.

Many travel agencies indicate that the government authority should be held responsible for the frustrations of the outbound tourism market and have complained that customers are difficult to deal with; they are price-sensitive and unreasonable. Certainly, the Taiwan Tourism Bureau should take more responsibility since the Bureau is the major organization in charge of the tourism industry. However, the Bureau is inefficient in dealing with illegal practices and in managing the operation of the tourism industry.

On the other hand, it seems unfair to blame customers since they are vulnerable; they are usually under the control of the travel agency and do not receive enough information. They get upset because they do not get advice in advance. The review of the travel industry in Taiwan showed that gaps still exist between travel agencies' services and customers' expectations. On the contrary, the service providers should reconsider their sales structure as well as sales principles and business ethics. The system of travel agency classification has been criticized and the current distribution system has its weakness; wholesalers and retailers are unable to collaborate with each other and the phenomenon of "having customers but without air seats" or the reverse is prevalent among the travel agencies, especially during the high season. In order to get more customers some travel agencies eventually have to promise the customers first and plan additional arrangements later. This is risky and eventually the travel agencies have to rely on the tour leader to solve the problems that occur on tour. Very often, the plan does not work and customers complain. Lastly, travel agencies demonstrate a questionable example with regard to the issue of tipping and the

welfare of the tour leader. As a result, consumers lose their confidence in travel agencies and overreact when things go wrong - or have negative thoughts in order to protect their own rights. Based on the market phenomena mentioned above, it is essential to identify the dimensions of service performance by service providers and to investigate customer satisfaction in order to reduce the gaps between service providers and customers.

Chapter 3: Customer Satisfaction

3.1 Introduction

The performance of service providers and the availability of customer services, which has a direct impact on customer satisfaction, were discussed partially in the previous chapter. This chapter reviews service quality and customer satisfaction based on the consumers' perspective in generic terms. The first section is this introduction. The second section discusses response determinants in satisfaction judgements. Apart from product/service performance, a number of components emerge and are examined which consist of expectation (including travel needs and wants, information and communication, previous experience and perceived value and price paid), equity, attribution, and emotion. There are several existing theories which measure/evaluate customer satisfaction including expectancy disconfirmation theory, which is one of the most popular concepts in the literature. The third section then discusses the importance of service quality and its impact on customer satisfaction. Differences between quality and satisfaction evaluation are discussed and in particular, 'SERVQUAL' is considered as a tool for evaluating customer satisfaction.

Since travellers' cultural background and behaviour have strong relationships with perceived service performance, the fourth section outlines cultural differences and their influence on customer satisfaction. The fifth section reviews what triggers customers to travel, the decisive factors in selecting a travel agency, and the factors for repurchasing. The sixth section then examines the factors which are regarded as important determinants/attributes in influencing customer satisfaction within the tourism industry. The final part presents a conceptual framework for research into customer satisfaction in the long-haul package tour.

3.2 Customer satisfaction

Satisfaction is a subjective comparison between the expected and received experience of a product or service (Oliver, 1981). It is generally interpreted to be the post-consumption evaluation of a product or service (Churchill and Surprenant, 1982; Anderson, 1994). Francken and Van Raaij (1979) stated that the consequence of

temporal or social comparison with one's own earlier experience or the experience of others is necessarily taken into account. Oh and Parks (1997:37) considered customer satisfaction as:

> 'more than a simple cognitive evaluative process. Rather, it is probably a complex human process involving extensive cognitive, affective and other undiscovered psychological and physiological dynamics.'

Although there are a variety of definitions, we can conclude that satisfaction has both an emotional and a cognitive component (Bowen and Clarke, 2002), and is a psychological concept and an attitude based on the needs and desires for goods or services, which change constantly at multiple levels during service encounters. Davis, Lockwood and Stone (1998) consider that satisfaction is not a universal phenomenon and people get different responses out of the same hospitality experience since customers have different needs, objectives and past experience that usually affect their expectation. Oliver (1997) states that all impressions of enjoyment, entertainment, excitement, and enlightenment can be assessed as the final outcome of satisfaction. Customers evaluate components of the service product independently and differently. A consideration of customer mood may play an important role in the moment of true satisfaction (Knowles, Grove and Pickert, 1993).

In terms of measurement, satisfaction is the comparison of customers' service expectations with their perception of the service they actually receive (Czepiel and Ronsenberg, 1977; Handy, 1977; Churchill and Surprenant, 1982; Parasuraman, et al., 1985;) and the levels of satisfaction come from the evaluation of the service outcome (Zeithaml et al., 1990). Theoretically, Oliver (1980) illustrated the "positive disconfirmation" or satisfaction occurrence when the perception of actual received performance exceeds expectation, and a "negative disconfirmation" or dissatisfaction occurrence when the perceived performance is worse than expected. Operationally, this theory may not apply in certain circumstances (also see Section 3.2.2.1). Nicholls, Gilbert and Roslow (1999:16) defined satisfaction as "consumer reactions to their most recent experience of a service." The evaluation is based on the moment of true feeling. Hence, Eggert and Ulaga (2002) consider that the nature of satisfaction remains ambiguous. It clearly arises from a cognitive process comparing perceived performance against some comparison standards, but the feeling of satisfaction fundamentally characterizes an affective state of mind.

Several researchers have found a positive correlation between customer satisfaction and loyalty (see Bolton and Drew, 1991; Anderson and Sullivan, 1993). However, some consider that customer satisfaction is a better tactic for customer retention (Kandampully and Suhartanto, 2000). Perhaps customer satisfaction should be treated as a strong predictor for behavioural variables such as repurchase intentions, word-of-mouth, or loyalty (Ravald and Grönroos, 1996). Huber, Herrmann and Wricke (2001) suggest that customer satisfaction must always be interpreted as a multidimensional phenomenon. Choi and Chu (2000) consider that measuring customer satisfaction can improve a product's quality and a company's image and reputation, enhance repeat purchases, and favour word-of-mouth publicity, and reduce marketing costs. But what levels of customer satisfaction are considered sufficient? Some researchers consider that a level of satisfaction below complete satisfaction is acceptable (Jones and Sasser, 1995). They also suggest that endeavouring to understand the causes of customers' dissatisfaction and focusing efforts on addressing them rather than trying to improve the level of satisfaction is the best use of resources. However, Grönroos (2000) considers that only the "very satisfied" customers show a high propensity for repurchasing and positive word of mouth.

3.2.1 Components of customer satisfaction

Consumer behaviour models place customer dis/satisfaction within a consumer behaviour framework. Customer dis/satisfaction responses do not exist as a discrete component nor do they exist in the absence of feeling. They are apparently a complex human response combined of both cognitive and affective components (Mano and Oliver, 1993). Decrop (2001) examines the antecedents and consequences of vacationers' dis/satisfaction and suggests an explanation of vacationer dis/satisfaction which involves the elements of experience, emotions, disconfirmation (comparison between performances and expectations), attribution, and equity. This theory also presents the individual vs. social nature of the explanation; the components of experience-based norms, emotions, and the classical disconfirmation involve the individual but pertain to the product, whereas attribution and equity theory are concerned with the group.

Bowen and Clarke (2002) review the literature and identify a range of supposed components of tourist satisfaction which include expectation, performance, expectancy disconfirmation (intertwining of expectation, performance and disconfirmation), attribution, emotion and equity (a sense of fairness). They consider that each of the components might be suppressed or heightened depending on a particular tourism situation, for example, satisfaction might have little or nothing to do with expectations (Arnould and Price, 1993). There is argument over whether it is necessary to include the component of 'disconfirmation' as an intervening variable affecting satisfaction or whether the effect of disconfirmation is adequately captured by expectation and perceived performance (Churchill and Surprenant, 1982). Likewise, Zeithaml and Bitner (2003) consider that customer satisfaction is influenced by specific product or service features, perceptions of quality, as well as customers' emotional responses, their attributions, and their perceptions of equity.

Different theories have been used to explain the formation of customer dis/satisfaction judgments. These theories can be classified according to whether they are individual or social in nature and are/or person or product related. Numerous elements are thought to be components of satisfaction. Among them, the effect of performance – including management, service personnel, the tourists themselves, individuals within groups, the host at a destination - is considered a crucial determinant of satisfaction. However, it will not be emphasized specifically here, instead this section will concentrate on the theoretical antecedents of customer dis/satisfaction which consists of four disparate components: expectation, equity, attribution, and emotion.

3.2.1.1 Expectation

Knowing customers' expectations is the first and possibly most critical step in delivering quality service (Zeithaml and Bitner, 2003) as well as a major leading influence on customer satisfaction. Expectation is the service that the customer anticipates. Parasuraman et al. (1988) define consumer expectations as desires or wants of consumers, i.e., what they feel a service provided should offer, rather than what it will offer. It provides a standard of comparison against which consumers judge a service provider's performance. Expectations are predictions of future consequences based on previous experience, current circumstances, or other sources

of information, and product performance is the most common prediction by the consumer during consumption (Oliver, 1997). Santos (1998:285) stated that 'expectation can be seen as a pre-consumption attitude before the next purchase, it may involve experience, but need not'. Davidow and Uttal (1989) proposed that customers' expectations are formed by many uncontrollable factors - these include previous experience with other companies and their advertising, the customer's psychological condition at the time of service delivery, customer background and values and the image of the purchased product. Fache (2000) suggested a model to explain the factors that shape customer expectations of the service of travel agents. These determinants are:

- Personal needs
- Past experiences
- Customers' competency
- Service of other service providers
- Word-of-mouth communication
- External communication to customers (advertising)
- Promises given with booking
- Image of service provider
- Equity

The model suggests that personal needs are pivotal factors that influence customer expectations of service and for managers some factors are uncontrollable. Furthermore, Zeithaml and Bitner (2003) propose that different cultures, including power distance, uncertainty avoidance, individualism versus collectivism, masculinity versus femininity, and the Confucian dynamic, might affect consumer expectations of services.

In its application to levels of satisfaction, one's level of expectation regarding product performance can be viewed from the adaptation level. Helson (1964), in discussing his adaptation-level predictions (see Oliver, 1980; Bowen, 2001a), suggested that expectations are influenced by:

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1) The product itself - including one's previous experience, brand suggestion, and symbolic elements;

2) The context – including the content of the message from salespeople and social referents;

3) Individual characteristics - including persuasiveness and perceptual distortions.

Miller (1977) constructed expectations in a hierarchical order and related them to different levels of satisfaction. He proposed the 'zone of tolerance' which is considered as an alternative comparison of standards and disconfirmation models. He categorized four types of expectation comparison standards by level of desire: from the minimum tolerable level (the lower level must be), the deserved level (should be), the expected level (will be), to the ideal level (the higher level could be). The minimum tolerable level is concerned with the least acceptable performance level. The deserved level stems from what the consumer thinks is appropriate based on the cost and time invested and is more likely to be considered as a realistic expectation by service providers (see Figure 3.1). The expected level of product performance represents a product's most likely performance. It is based on the customer's objective calculation of the probability of performance and is also known as the predictive expectation. The expected level is the most commonly used standard for comparison in customer dis/satisfaction research. It is usually affected by the average product performance and advertising effects. The ideal level of product performance represents the optimal product performance a customer ideally would hope for. It may be based on previous product experiences, learning from advertisement, and word-of-mouth communication.

Zeithaml, Berry, and Parasuraman (1993) stated that customer service expectations are built on complex considerations, including their own pre-purchase beliefs and other people's opinions. They suggested two levels of expectations - adequate and desired - in service quality evaluations. The adequate level is the minimum level considered acceptable, is what customers believe it *could* be. The desired level is the service the customers wish to receive, is a mixture of what customers believe the level of performance *can be* and *should* be (a mixture of Miller's ideal and deserved level of expectations) (Ekinci, Riley and Chen, 2001). Between the adequate and desired is

the 'zone of tolerance' which represents a range of performance that the consumer considers acceptable (see Figure 3.1). The 'zone of tolerance' is bounded by 'the best customers can expect to get' versus 'the worst customers will accept as barely fulfilling their needs.' It appears that high expectations can frustrate satisfaction achievement. Grönroos (2000) stated that measuring the 'zone of tolerance' of expectations would give management useful information regarding where the problems of service quality exist, and where there is a need for immediate action.

However, Zeithaml and Bitner (2003) noted that apart from knowing the size and boundary levels for the 'zone of tolerance', the marketer must also know when and how the tolerance zone fluctuates with a given customer. Several factors determine the width of the zone. For example, when prices go up, customers are likely to be less tolerant of poor service, and the zone of tolerance decreases because the adequate service level shifts upward. In general, customers are likely to be less tolerant about unreliable service, such as broken promises or service errors (Zeithaml and Bitner, 2003). Walker and Baker (2000) suggested that the width of the zone might be influenced by a self-perceived service role, situational factors, advertising, price, and word of mouth. They also indicated that adequate expectations change frequently (also see Zeithaml et al., 1993) whereas desired expectations remain relatively stable (Zeithaml and Bitner, 2003). Experienced consumers allow less room for performance error because they have increasingly demanding expectations of adequate level rather than increasingly demanding expectations of desired level (Walker and Baker, 2000). To produce an outcome of satisfaction, Pizam and Milman (1993) suggested the need to build modest or below realistic expectations that are tolerable and meet customers' investment value. Although this appears to be sensible in theory, in practice it is questionable since customers may not be motivated by unattractive or below-level promotion efforts in a highly competitive travel market.

Furthermore, Bluel (1990) suggested a 'zone of uncertainty' to separate satisfaction and dissatisfaction. Woodruff, et al. (1983) and Heskett, Jones, Loveman, Sasser, and Schlesinger (1994) proposed a 'zone of indifference' regarding perceptions of performance (see Figure 3.1). The concepts of 'zone' focus on customer uncertainty which represents where satisfied (but not completely satisfied) customers are who do not remain loyal to a firm.

Figure 3.1 Levels of expectations
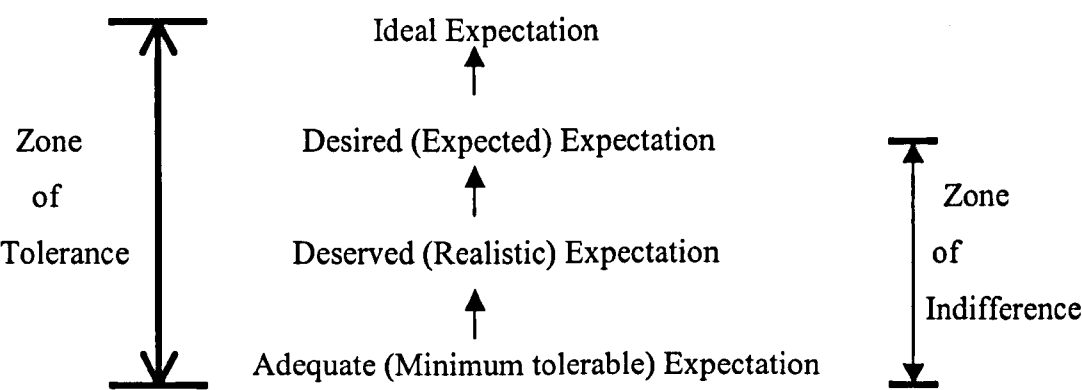
Adapted from; Miller (1977); Woodruff, et al. (1983); Zeithaml, et al. (1993); Heskett, et al. (1994)

Apart from categorizing expectations according to the level of desirability, expectations can be characterized into knowable or unknowable levels. Ojasalo (1999) presented a conceptual discussion of expectations in terms of whether expectations exist as concrete levels and categorized expectations into three different types - fuzzy, explicit, and implicit expectations. These meanings of classification are similar to Oliver and Winer's (1987) proposition of categorizing expectations into active and passive. Active in the sense that customers are cognitively processed, and thought is given to the occurrence of outcomes regardless of whether the likelihoods are known. Passive in the sense that plausible outcomes may not be processed because outcomes have become permanently coded into the customer's view of the product. Fuzzy expectations refer to customers' feelings that something is missing but they do not have a clear picture of exactly what should be done by a service provider in order to fulfil their needs. They exhibit unknowable outcomes – uncertainty or ambiguity. Explicit expectations refer to those customers who are clear that their expectations will be met. However, some of these expectations may be unrealistic due to the unclear and deliberately vague promises released by service providers. It is important for service providers to transform customers' unrealistic expectations into realistic ones to avoid disappointment. Implicit expectations refer to service elements which are so obvious to customers that they do not consciously think about them but take them for granted (for example, the issue of the safety of the package tour). Customer

dissatisfaction occurs when the existence of such implicit expectations becomes absent. Taking into consideration that customers' expectations are changeable the service provider can actively manage customers' expectations (Grönroos, 2000). Customers learn as time goes by to adjust fuzzy expectations into explicit expectations and unrealistic into realistic expectations. Customers may eventually transform explicit expectations into implicit expectations when they get used to a certain level of quality of service (Grönroos, 2000).

Perhaps several elements relating to expectation - internal to the customer and external to the customer - need to be taken into account. Walker and Baker (2000) using health clubs as an example found that individuals had expectations, even though they had no previous health club experience. Internally, even similarly experienced tourists may have extremely different expectations due to their cultural backgrounds. Externally, Santos (1998) considered that customers' expectations are formed when they plan to go to a destination where they have never been before - and so they anticipate something about which they have no previous experience. It is natural for travellers to dream about having a good rather than a bad experience. However, from the supplier's point of view the resultant expectations may be unclear and unpractical since very often the attractions of a destination are exaggerated or given a misleading description by the media. In addition, customers tend to be fascinated by a destination's positive image and pay less attention to the destination's negative image.

Weber (1997) examined the expectations and perceptions of German travellers using a 14-variables questionnaire and found that they had high expectations of seeing spectacular landscapes, exploring the country, and watching unique fauna. On the other hand, they had low expectations of shopping and fine dining even though these two are highly ranked in people's perceptions of the destination. The results of negative disconfirmations in the variables do not always mean that satisfaction is significantly impaired (Weber, 1997); the disconfirmation may not reflect the real needs of the customer during the service encounter. Yüksel and Rimmington (1998) surveyed restaurant customers and found that customers may still be reasonably satisfied even if their expectations are not met.

Expectations play an important role in satisfaction appraisal. They provide a standard for later assessments of product performance. Customers will be dissatisfied when expectations are less than those anticipated. However, based on assimilation theory (Hovland, Harvey, and Sherif, 1957) customers may have concrete confidence in a certain service/product performance and are reluctant to admit divergences from previously held positions and believe that a certain performance level will occur and without any awareness that their expectations may be inaccurate. They may consciously or subconsciously guarantee that their predictions can be anticipated (Oliver, 1997). This behavioural tendency described by assimilation theory reinforces the significance of a company in developing a positive public image. In addition, customer expectations have been shown to have effects similar to Helson's (1964) adaptation-level predictions. This theory considers that consumers will adapt to a certain level of performance and using that level as a baseline for judging performance. As a result, satisfaction ratings are bounded by the level of expectation originally formed so that the higher (lower) the expectations, the higher (lower) the subsequent satisfaction judgment (see Oliver and DeSarbo, 1988). Only large impacts on the adaptation level will change the final result of the subject's evaluation. The consequences are unfavourable to a better performance of product/service because of the low initial level of expectation.

The diversity and multiple components of tourism activities often cause frustration as well as stress for customers due to the unpredictable nature of a new environment/product. Therefore, understanding customers' predictive expectations helps managers to establish appropriate tactics to avoid possible confusion and disappointment in service operations (Shoemaker, 1996). Furthermore, the received marketing message can be formulated to develop a realistic cognitive script in order to satisfy customers' needs.

In concluding the above-mentioned discussion, a wide range of elements is thought to be components of expectation. However, only some of these will be further highlighted – those that seem, by general consensus, to have a particular significance and influences on expectations.

3.2.1.1.1 Motivation (travel needs and wants)

<u>Needs and wants</u>

Tourism is an industry for people who are looking for something different and they want to be treated as valuable customers (Jung, 1993). Hughes (2000) indicates that holidays provide a strong fantasy element: there is often a hope that something exciting or romantic will happen whilst on holiday. To help customers accomplish their dreams, it is important for service providers to understand travellers' desires and their psychological or sociological needs.

Motivational theory is usually operationalised as a set of needs. There are a number of theories that deal with the identification of human needs in psychology theory (see McIntosh, Goeldner and Ritchie, 1995). Some of our needs are innate; some arise from the environment. According to Kotler's (1982) "need arousal" theory, external and internal stimulation triggers the desire to travel. Once this need is recognized, want is activated and this can be satisfied only by purchasing the object of desire. Customers' need may depend on various circumstances, for instance destination characteristics, tour guides or tour leaders' stimulation, and other group participants' inspiration (Kaynok, Kucukemiroglu, Kara and Tevfik, 1996). However, exploring human needs is challenging because many people may actually be unaware of their needs or may be reluctant to reveal them (Holloway, 1998).

It is difficult to determine which stimulation triggers one's needs in the first place. Besides, one person's needs may not be the same as another's even though they are in the same life cycle. However, human needs can be divided into different categories. Maslow's five-level hierarchy need theory (1943) places 'physiological' needs at the lowest level and 'self-actualization' at the highest level. Although he later adds two other needs – the need to know and understand, and aesthetic needs (see Mill and Morrison, 1998; Ross, 1994) - his initial five-level theory has been broadly accepted and used to explain travel behaviour. Self-actualization, the highest need in Maslow's hierarchy, generates internal satisfaction and explains the necessity of acquiring knowledge and learning about different cultures. Fulfilling higher-order needs might also be associated with lower-order needs to which multiple motives contribute. Still,

it is arguable that not all travellers are able to fulfil the highest need of self-actualization since some people may not consider it to be so significant. Pearce and Caltabiano (1983) consider the theory lacks empirical support and Witt and Wright (1992) doubt that the theory is applicable to tourist motivation.

Contrary to Maslow's hierarchy of needs, Ross (1994:19-20) states that Murray's classification of 12 human needs (conservance, achievement, recognition, exhibition, dominance, autonomy, contrariance, aggression, abasement, affiliation, play and cognisance) may be applied to tourist behaviour. Murray's needs are independent of one another and provide considerable scope as well as a comprehensive list of human needs. They also explain how a person can avoid a particular threat which partially accounts for the need for pleasure travel. In fact those needs, such as aggression, abasement, for travel in order to avoid threats, can be thought of as Maslow's low level of needs.

Wants can be identified after needs have been triggered by some stimulus. Travel is one of the means of satisfying a person's needs. In order to develop product image and to provide better quality service, understanding the needs fulfilled by travel is insufficient, wants should also be addressed. The best approach to understanding wants is to examine customers' travel motives (Gartner, 1996). Jefferson and Lickorish (1988) propose that marketing is about identifying and satisfying the wants and needs of selected groups. They state that travel is not simply a function of transaction, such as buying a holiday or going to some places, but of anticipating satisfaction, in short, it is value for money.

Reasons for Travel

Travel motivation reflects one's needs and wants and can be viewed as a critical variable in relation to purchase decision and the outcome of satisfaction. Davidson (1988) states that 'motives are inner states of tension that activate human behaviour and direct it toward goals.' Mill and Morrison (1998) consider that tourists undertaking pleasure travel perceive travel as a satisfier of their needs and wants. Motivation emerges when an individual wants to satisfy a need. They go on holiday in the hope that they can wholly or at least partially fulfil their needs and wants.

Studying travel motivation helps one to understand customers' needs thus enhancing service providers' knowledge about what kinds of experience travellers seek, especially for certain groups of people. To have a successful business practice, the marketing objective is to find what triggers individuals to travel and to fulfil their needs.

People travel for multiple reasons (Crompton, 1979; Krippendorf, 1987; Pearce, 1988; Gartner, 1996). Kaynok, et al. (1996) in a study of Irish travellers' preferences ascertained that motivations vary between different market segments. The reasons why people take pleasure travel are varied and probably differ from one individual to another. Even in a family or a group of colleagues travelling together the travel motives are likely to differ (Horner, 1996; Oppermann and Chon, 1997). Jefferson and Lickorish (1988) state that motivations are imprecise, evolving and extremely complex and are heavily influenced by personality characteristics. Motivations can be separated into primary and secondary motivations operating within the parameters of social and economic determinants. Primary motivations refer to one's roots or origin, whereas secondary motivations refer to peripheral influences such as value for money or the attributes of a destination. Oppermann and Chon (1997) state that several travel reasons, such as; 'escaping from unfavourable seasonal climates', 'exploration', 'adventure', 'health', and 'pilgrimages', are considered as primary travel motives. In addition to those reasons, Iso-Ahola (1982) considers that leisure motivations change during one's lifespan depending on different places and social occasions. One should realize that tourists seek different levels of travel to avoid either over stimulation (mental and physical exhaustion) or too little stimulation (boredom).

A large body of research about travel motives has been gathered (see Table 3.1). Most researchers try to understand and explain travel motives in a psychological or socio-psychological perspective. In fact, theories of motivation have played an important role in the development of tourism psychology (Pearce, 1982). Many researchers have identified travel motives in order to explain tourist behaviour for two purposes: to form people's views of the reasons for travel and to assess tourists' motives for market research (Pearce, 1982).

Table 3.1 Categories of Travel Motives

Authors	Travel Motives
Dann (1977)	2 categories: Push and Pull factors
Crompton (1979)	9 categories: Escape, Exploration, Relaxation, Prestige, Regression, Enhancement of kinship relationships, Facilitation of social interaction, Novelty, and Education motivators
Gray (1970)	2 categories: Wanderlust and Sunlust
Mayo and Jarvis (1981)	4 categories: Physical, Cultural, Interpersonal, and Status and Prestige motivators
Krippendorf (1987)	8 categories: Recuperation and Regeneration, Compensation and Social Integration, Escape, Communication, Broadens the mind, Freedom and Self-determination, Self-realization, and Happiness motivators
Pearce (1988)	Travel Careers Ladder (based on Maslow's need theory)
Mill and Morriosn (1998)	5 categories: Relaxation/Recuperation, Education/Exploration, Adventure/Sport, Social contacts, and Nature motivators
Swarbrooke and Horner (1999)	6 categories: Physical, Emotional, Personal, Personal development, Status, and Cultural motivators

Dann (1977) addressed two factors in 'why do people travel'? He stated that escape motives (push factors) represent the individual's inner motivation to travel and compensation motives (pull factors) signify the individual's outer motivation for travel. Many researchers develop their motivational framework in line with push and pull factors (see Crompton, 1979; Yuan and McDonald, 1990; Uysal and Jurowski, 1994; Turnbull and Uysal, 1995; Oh, Uysal and Weaver, 1995; Cha, McCleary and Uysal, 1995; Baloglu and Uysal, 1996). Swarbrooke and Horner (1999) conclude that tourist motivation can be divided into six distinct categories, namely: physical, emotional, personal, personal development, status, and cultural. Gray (1970) proposed a simplified motivational theory based on wanderlust and sunlust determinants. Mayo and Jarvis (1981) utilised four categories to identify travel motivations: 'physical motivators, cultural motivators, interpersonal motivators, and status and prestige motivators. They suggest that intrinsic motivation plays an essential role in triggering travel desire. Crompton (1979) proposed nine tourism motives (escape, exploration, relaxation, prestige, regression, enhancement of kinship relationships, facilitation of social interaction, novelty, education) and attempted to use socio-psychological views to explain the initial momentum to take a vacation as well as the choice of destination. He also reported that these motives are classified mostly as push motives (seven of which he claimed were social-psychological motives, two were cultural motives) and found that respondents (in the interviews) initially had some difficulty in identifying their motives clearly. Crompton agrees with a multi-motive view of the determinants of travel behaviour and suggests to tourist practitioners that travellers are not

motivated by the qualities of the destination, but rather by their particular psychological needs.

Krippendorf (1987) summarised various theories and concluded that travel is motivated by 'going away from' rather than 'going towards' something or somewhere, and travellers' motives and behaviour are markedly self-oriented. Krippendorf identifies eight travel motives as to why people travel: 'recuperation and regeneration', 'compensation and social integration', 'escape', 'communication', 'broadens the mind',' 'freedom and self-determination', 'self-realization', and 'happiness'. Krippendorf considers that the habits of holiday-makers in travel motivation do not differ from country to country. Little changed in the order of priorities of motivations in the early sixties, but in the early seventies the motive slightly changed due to the popularity of active holidays. The category of social needs – interaction with others – has become more important. However, travel as an escape is still the dominant motive.

It is clear that the above motivations identified by researchers are not identical to each other due to the nature of focus subjects and the type of travellers they investigate. On the other hand, they share some similarities; it depends on how researchers categorize them or the significance of the sub-category. For example, Crompton and Krippendorf categorise travel motives in much more detail than Mayo and Jarvis. Although Dann's framework does not provide specific categories, it is simple and easy to approach and flexible in use. It also includes the important influential factors of destination which other models do not cover.

Many researchers refer to Maslow's (1943) need theory for travel motivations for instance, the 'physiological' need for escape or relaxation, the 'safety' need for health, the 'belonging' need for social interaction or companionship, the 'self-esteem' need for social recognition or prestige, the 'self-actualization' need for self-discovery (Mill and Morriosn, 1998). Pearce (1988) believes that Maslow's theory can be used as a starting point for motivational analysis: adaptations of Maslow's need theory have been successfully employed in many leisure and tourism studies (Cooper, Fletcher, Gilbert and Wanhill, 1993). When looking for the pattern of needs, higher-level needs do not exclude lower-level needs. However, in the explanation of travel behaviour,

Maslow's theory is insufficient since the role of long-term and short-term motives as well as intrinsic motivation have to be considered.

Based on Maslow's hierarchy of needs, Pearce (1988) proposes a model, the 'Travel Careers Ladder', which uses a five-hierarchical ranking system to demonstrate tourists' learning experiences (see Figure 3.2). The model examines human travel motivation, addresses the concept of tourists learning through experience and argues that since people have a life cycle, their needs reflect a hierarchy of travel motives. The model reveals that a person's travel career progresses through an ordinal series of stages in each of which a person's experiences are affected in different ways. To move forward, an individual does not need to start a career from the same position or move at the same rate. For example, tourists initially are motivated by physiological needs, but different experienced travellers may use their travel experience to develop different higher-level motives. Most importantly, the travel careers ladder highlights that people have multiple motives for seeking out holiday experiences. The theory is partially supported by Gartner (1996) who considers that people may have more than one motive in participating in a particular type of tour. Their travel motive usually relates to their socio-economic and psychological circumstances. Previous experience is commonly used when exploring motivations for travel. However, this model has received several criticisms. Ryan (1997) considers that the model fails to recognize the importance of socialization in holiday taking. In a mature market, an individual traveller might be able to move upward to higher order motives without experiencing lower order needs.

Figure 3.2 Tourists' Travel Careers

Self-actualisation needs ↑ Such as: inner peace, harmony

Self-esteem needs ↑ Such as: cultural, historical

Love and belongingness needs ↑ Such as: affection, friendship

Safety and security needs ↑ Such as: prestige, novelty

Physiological needs | Such as: relaxation, food, drink
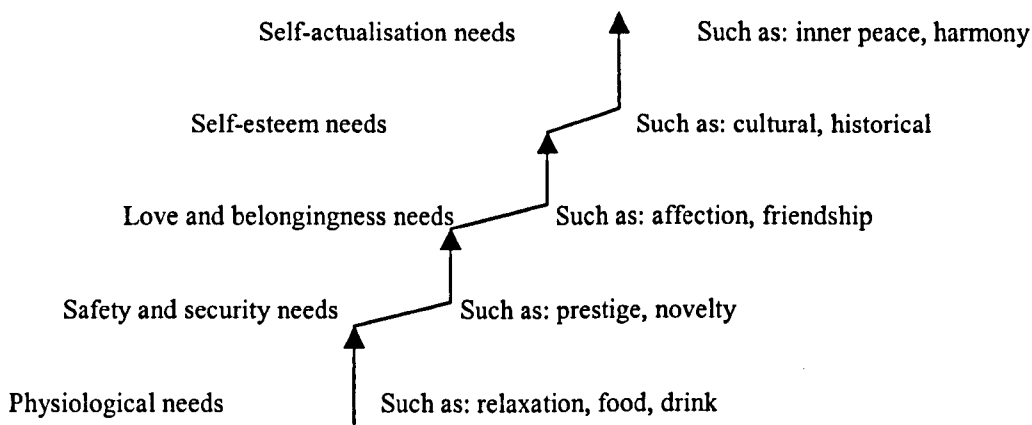
Source: Adapted from Pearce (1988:29)

On the whole, among the various travel motives, 'escape' or 'getting away from home' seems to have played a critical role although active holidays are increasing in popularity in contrast to passive holidays. Iso-Ahola (1984) found that the desire to escape from personal or impersonal environments is greater than the desire to seek personal or impersonal reward (actually many companies offer travel as an incentive). Mill and Morrison (1998) state that many authors have demonstrated that the need to 'escape from the daily routine' is the strongest travel motivation. A study in 1992 on German individual pleasure travellers identified 26 travel motives classified into 5 categories: 'Relaxation/recuperation', 'education/exploration', 'adventure/sport', 'social contacts', and 'nature'. 'Escape from daily life' was the highest ranked travel motive followed by 'relaxation', 'gain new experiences', 'time for each other', and 'gather new energy' (Oppermann and Chon, 1997). Hughes (2000) indicates that among the reasons for going on holiday, travellers' motivations refer to the desire to 'get away' rather than the attraction of particular places. The 'push' is more important than the 'pull' factor for impelling a person in the pursuit of a holiday. However, this opinion is not supported unanimously by researchers. Klenosky (2002) considers pull factors to be the higher-level force which influences the decision to travel in the first place.

On the other hand, the transformation of social relationships, the increasing number of experienced travellers, as well as marketing promotion arouses the need for travel and creates a higher demand. Travel for self-esteem which is related to the need for

recognition within one's social group or status attracts more attention. Gartner (1996) considers that much of today's travel fulfils social needs and constitutes the basis of the tourism industry.

Large-scale research on tourism motivation and intensive profiles of travel sub-groups are available. Many theories may not be comprehensive due to their specific focus, and some do not explore the relative importance of the various features assuming that all reasons for travel are equally important. In addition, the majority of research on motivation emphasizes the personal or interpersonal needs of the traveller and ignores the profile of perceived destination attractiveness (e.g. relaxing atmosphere, night-life activities). Researchers tend to focus on 'push' factors and overlook the fact that the destination could arouse customers' interests and travel needs. As Goeldner and Ritchie (2003) state different groups of individuals place different values on the composition of travel motives. The success of a travel experience should be measured by the attractions and activities offered by the destination. In addition, a number of deterrents may constrain people's travel. Oppermann and Chon (1997) state that frequently tourists' motivations are overridden by deterrents (life-style, time, age, physical ability, affordability, weather, politics, fashion). Money is recognized as the most common barrier to travel, especially pleasure travel which is demand-elastic (Gartner, 1996). Jung (1993) considers that price, convenience, status or prestige, dreams, destination, excitement, customer service, and need-fulfilment have an important role in decision-making about travel and argues that nowadays the greatest motivating factor in a customer's purchase is price. Price consciousness has a certain degree of influence. Many purchasers just cannot resist the temptation of something perceived as " too good to pass up". According to Jung, some travellers just want to experience different cultures and knowledge, and witness how people differ from them. The destination may not be important, but if it interests them and the price is reasonable, their experience can be even more satisfying.

However, studying motivation has it weaknesses, as tourists' inner desires might change on the scene, be altered under the influence of others or remain hidden in the subconscious and cannot be brought to light by simple questions. One may wonder about the possibility of contradictions between tourists' motives and their actual behaviour on the tour (Krippendorf, 1987). Travel motives for joining group travel

may be different from those of free independent travellers. In general, package tours often include sightseeing and visiting major cultural and historical attractions. Schmidt (1979) found that the guided tour provides several benefits for travellers, as it combines adventure, novelty, escape, and cultural experience, all within margins of safety. Quiroga (1990) investigated tourists from Latin America to Europe on guided group tours and found that their main travel motivation was cultural and 35% of the tourists considered cultural enrichment as a reason for their satisfaction. This might be because Europe is considered to be a cultural destination (Dann, 1977). Quiroga also pointed out that the guided tour also provided an opportunity for human contact and new learning experiences. For example, widowed people and people who travel alone in a group may travel for reasons of companionship.

3.2.1.1.2 Source of information and communication

Much has been written on the subject that customer expectations are related to information received and outcomes of communication. Parasuraman, Zeithaml, and Berry (1990) (cited in Augustyn and Ho, 1998) consider customer expectations are also generated by word-of-mouth communication and external sources. Such factors as friends, consumer groups, and the government all play a role in shaping customers' expectations. Wong (2001) regards communication as a crucial factor for satisfaction implications, in particular during the moment of service encounter. Based on attribution theory, Kelley and Michela (1980) identified three antecedents - information, prior beliefs, and motivations - for causal inferences. They believed that information received from these would influence the judgment of those who are responsible for the service failure. Given the degree of importance, sources of information play a pervasive influence on consumer behaviour.

Information received and communication is mainly derived from corporate communications and promotional claims, such as advertising, brochures, and personal selling, other sources include word-of-mouth endorsements/criticisms and reports from neutral third parties. Apart from those external sources, internal sources such as experience-based performance norms, brand attitudes, product image, and scarcity also have a certain degree of impact on expectations (Woodruff, Cadotte and Jenkins, 1983).

Reich (1995) and Kotler, Bowen and Makens (2003) note that customer expectations can be formed through two types of communication channels: nonpersonal (media, atmospheres, events) and personal. Customers' expectations are formed through media communication. Atmospheres create the image of a company and reinforce customers' perceptions of product/service regarding purchasing a product. Events are occurrences staged to communicate messages to potential customers. Both atmospheres and events serve as a supplemental reinforcement in forming expectations. Through mass media communication, consumers receive first hand information which often affects consumer's attitudes and behaviour. Product/service providers' claims seem to have more direct impact in developing predictive expectations of consumers about the product/service's likely performance in relation to product attributes. Theoretical and empirical evidence shows that advertising may be particularly important in forming customer expectations if the customer has no other information sources or previous experience (Oliver, 1997). However, due to the nature of advertisement, a vague and unclear message may cause more personal communication (Kotler, Bowen and Makens, 2003). The results indicate that a proper channel of voice-to-voice or face-to-face communication may be more authentic. Indeed, person-to-person communication provides comprehensive messages by which customers' expectations will be more realistic. In terms of quality of message, face-to-face communication receives much more attention than voice-to-voice communication. Burgers, de Ruyter, Keen and Streukens (2000) state that extensive research has been conducted in the field of the traditional face-to-face service encounter, and they recommend that customer expectation with regard to employee behaviour during voice-to-voice encounters also need to be considered. In examining service satisfaction, Boshoff (1999) considers the attribute of communication style plays a crucial role in customer service recovery.

Another powerful influence on expectations is word-of-mouth communication. Much evidence on interpersonal communication has consistently shown that personal sources play an influential role in affecting product choice (see Kiel and Layton, 1981; Wirtz and Chew, 2002). Although the opinions of a person who is closely related to the recipient has more influence on generating expectations to a more convincing degree, nevertheless, simple comments from other unrelated people may

be sufficient for consumers in developing their expectations, particularly when derived from negative incidents. Negative events are retained in the memory more than positive events (Kanouse and Hanson, 1972) and individuals are inclined to spread negative experiences more rapidly to others for the avoidance of further losses. Expectations generated through word-of-mouth communications seem to have a more powerful influence than image communicated expectations (expectations derived from brand name, product image, and advertising), since word-of-mouth/interpersonal communication is generated by people who are perceived as having no self-interest in pushing a product (see Silverman, 1997).

The degree of impact of received information on the consumer's expectations is also affected by how the consumer views the messages. A message delivered from very credible sources is more convincing. Three factors – expertise, trustworthiness, likability – are found to influence the credibility of sources (Kotler, Bowen and Makens, 2003). In particular, opinion leaders are believed to be more influential than non-opinion leaders (Engel, Blackwell and Miniard, 1990)

Communication gaps have been identified in the conceptual model of service quality by Zeithaml, et al. (1985). The gap indicates that promises given by market communication activities are not consistent with the service delivered. The occurrence of the gap is due to a company's propensity to overpromise in marketing campaigns which lead customers to form a higher expectation than the reality. One way to deal with this is to improve the planning of market communication (Grönroos, 2003). Mohr and Bitner (1991) propose that mutual understanding between the customer and the employee is a major factor influencing customer satisfaction during the service encounter. Czepiel (1990) remarks on the importance of genuine and honest communications in the exchange of complex services. Siehl et al. (1992) conceive that the service provider's communication of responsiveness, empathy and assurance may be relatively more important than the brief, bounded transaction process in influencing customer satisfaction.

3.2.1.1.3 Previous experience

As mentioned above, personal previous experience will shape customer expectations. Gartner (1996) states that background characteristics such as demographic marginality, ethnicity, and personal values, affect people's travel behaviour. Marginality refers to the level of past experience with the product. Prior experience is an important variable since it serves as familiarity with a given product and shows how confident the consumer is likely to feel about a given product (Teare, 1998). Frequent travellers may have motives for destination selection that differ from those of novice travellers. Travel experience is not only composed of physical activities but also involves a wide range of conceptual perceptions. These conceptual perceptions may have an impact on travellers' awareness and imagination of travel activities both positively and negatively (Milman, 1998). Several studies indicate that previous travel experience is likely to affect an individual's perception of a holiday (Weber, 2001) and future behavioural intentions (Goodrich, 1978; Perdue, 1985; Mazursky, 1989). Mazursky even considers that personal experience may have more influence on travel decisions than information received from external sources. Sönmez and Graefe (1998) find that in terms of choosing a destination, an individual with past travel experience may show more confidence in making a decision. In the absence of personal experience, individuals tend to avoid destinations they perceive as risky.

The level of experience is a good indicator of travel decision-making, travel needs, and level of satisfaction. It can be classified variously for analysis. Graefe, Donnelly and Vaske (1986) use a composite index to measure the specialization level of hikers, such as: the number of years of hiking experience; self-reported skill level (beginner, intermediate, expert); or specialization level (low, intermediate, high). Schreyer, Lime and Willams (1984), measure river runners' experience levels into: novices, beginners, locals, collectors, visitors, and veterans. Despite various classifications, the concern regarding experience level is to discover the impact of ones past experience on satisfaction during the service encounter.

Empirical studies show that previous experiences affect a person's attitude and expectation toward the next purchase. There is no concrete evidence saying that extremely satisfied tourists will have great expectations for their next purchase. So

comparing experienced travellers with those without similar experience, which group expects more or is more easily satisfied? Based on the concept of the travel career ladder (Pearce and Caltabiano, 1983), first-time tourists are initially more concerned with fulfilling physiological and safety needs, while those with more experience seek to satisfy higher-level needs, such as relationships, self-esteem, and self-actualization. Pearce (1982) states that the more experienced, older tourist places greater emphasis on the self-actualization need and on a more authentic approach to the tourist environment. In short, Westbrook and Newman (1978) reported that people with previous travel experience developed more moderate expectations than did people without previous travel experience. They also pointed out that people with extensive travel experiences tended to develop realistic expectations and showed greater satisfaction ratings than did people without experience. Whipple and Thach (1988:20) concluded that 'experienced participants gave consistently higher expectation and performance ratings for services ... inexperienced travellers, conversely, expected more from special events such as, concerts and dining.'

Woodruff et al. (1983) introduced an 'experience-based model' which emphasized consumers' experience with an evoked set of brands as determinants of satisfaction. The model indicated that the consumer's experience should be taken into account when evaluating consumer's satisfaction during service encounters. So far, however, there is limited evidence to indicate whether there is a positive relationship between experience and satisfaction.

3.2.1.1.4 Perceived value and price paid

Values are intertwined with beliefs in the expression of ones attitudes and ultimately ones behaviour (Lessig, 1976). Zeithaml (1988:14) defines perceived value as "the consumer's overall assessment of the utility of a product based on a perception of what is received and what is given". She considers that value is what one gets for what the individual gives. It can also mean a low price, whatever one wants from a product, or the quality that one consumer receives for the price paid. Very often, one's perceived value is related to the price of the product. Customer perceived value is frequently conceptualized as a trade-off between perceived benefits and total sacrifices by customers (Monroe, 1990; Sweeney, 1994) which is usually expressed in

monetary terms (Anderson, Jain and Chintagunta, 1993). Bolton and Drew (1991) state that consumers' perception of value involves monetary costs, non-monetary costs, customer tastes, and customer characteristics. Values are individual attributes that contribute to the development of personal attitude, perception of social status, goals, interests, activities, and willingness to cooperate or compete (Reisinger and Turner, 2002). Although the perceived value can be a very individual judgment, Andreassen and Lindestad (1998) state that value is an aggregated variable which reflects the perception of all quality attributes as a function of price and which is believed to be reflected in the satisfaction judgment of the transaction. Finally, Weiermair (2000:399) defines value as the ratio of quality and the acquisition cost (price paid) to purchase this quality: $V = Q/ACq$ (V = value, Q = quality, ACq = acquisition cost of purchasing quality)

Rokeach (1973) suggests that value can be perceived in two ways. The long-term belief embraces terminal values such as social prestige, and those affecting immediate behaviour as instrumental values. Pitts and Woodside (1986) consider that terminal values guide product class selection, and instrumental values guide brand selection. Values enrich the difference of descriptions in segmentation. Travellers' personal values are related to the preference of vacation activities (Pitts and Woodside 1986). Boote (1981) considers that values are a useful determinant in describing the individual's preferences in participating in activities. Furthermore, Gross (1997) considers that customer perceived value should be the critical determinant in business marketing. The perceived value can be treated as a key strategic variable to explain repeat purchase behaviour, brand loyalty and relationship commitment (Sweeney, 1994).

Apart from satisfaction, many researchers consider that perceived value for the price paid is another important determinant of repurchase intentions (Chang and Wildt, 1994; Jayanti and Ghosh, 1996; Petrick et al., 2001). Customers are sensitive that the price they have paid should bring good value for money and quality service (Swarbrooke and Horner, 1999). When customers find it hard to evaluate the quality of a product and the value of a service in advance, price is used as a determinant (Lovelock, 2001). Therefore, several researchers even propose that management

should not be disturbed by the measurement of satisfaction since the perceived value is a better predictor of consumer loyalty (Reicheld, 1996; Parasuraman, 1997).

Choi and Chu (2000) investigated Asian and Western travellers' perceptions about the service quality of Hong Kong hotels and found that Asian travellers prefer to stay in mid-range, moderately priced hotels, and they suggest that hoteliers should develop budget-type hotels to meet Asian travellers' needs. Law and Au (2001) reveal that Taiwanese visitors spent less than 20% of their expenses on the hotel bill when visiting Hong Kong, whereas the average figure for all other countries was about 30%. Huang, Yung and Huang (1996) indicate that Taiwanese travel habits are influenced significantly by traditional culture. Many Taiwanese visitors usually require Chinese food when travelling overseas. They also point out that one feature of Chinese value perception, based on traditional Chinese culture, is that the benefits sought from buying tangible products is higher than that from non-material services. Asian travellers' overall satisfaction is primarily derived from the value factor, such as value for money for hotel rooms, food and beverages; in contrast, their Western counterparts are influenced by the room quality factor (Choi and Chu, 2000).

The perceived value is correlated to the outcome of satisfaction (Bojanic, 1996). There is a strong link between value and satisfaction (see Patterson and Spreng, 1997). Traditional customer satisfaction models have received criticism since these models rate a company's performance as perceived by existing customers, but do not integrate potential customers, non-customers, or competition in the set of analysis (Gale, 1994). Spreng, Dixon and Olshavsky (1993) consider that while many satisfaction models emphasize the aspect of performance, they ignore the sacrifice component (e.g, price). They note that in fact, shortcomings in corporate performance may be offset by a perceived reduction in sacrifices and customers may still be satisfied. Therefore, they argue that the perceived value should be seen as an antecedent of satisfaction (also see Zeithaml, 1988). The idea is supported by Bojanic (1996) who considers that the perceived value may be an antecedent to the outcome of satisfaction, and satisfaction results in repeat purchase and brand loyalty over time. In contrast, the results of an empirical study undertaken by Huber et al. (2001) indicates that customer satisfaction is an antecedent of price acceptance. Customers develop different levels of price acceptability based on their satisfaction with the product and

service. The greater a customer's satisfaction with a product or service, the more he or she is willing to pay (Anderson, 1996; Huber et al., 2001). It seems that the causal order dilemma between perceived value and satisfaction needs to be further researched (Petrick et al., 2001). Surely, the discussions of the causal order should involve the experiences the travellers have? Experienced travellers may consider that the outcome of satisfaction is an antecedent of the perceived value since they have had more experience of knowing their needs. In contrast, the traveller who is less experienced may react differently.

Price also has an impact on expectations and satisfaction. In reality, when evaluating customers' perceptions regarding customer satisfaction, customer satisfaction should not be limited to a tactical level, providing simple product improvement and a correction of defects of existing products and service, but the customer's perception of price should be specifically taken into account (Eggert and Ulaga, 2002). Perhaps surprisingly, the price is often neglected when analyzing customer satisfaction (Huber et al., 2001). Little work has been done on the influence of price in the service sector (Varki and Colgate, 2001; Ranaweera and Neely, 2003), such as price perceptions as a driver of customer retention. The satisfaction literature offers little insight to explain the relationship between price and satisfaction evaluations (Voss, Parasuraman and Grewal, 1998) and not many studies integrate the price explicitly as a component of satisfaction measurement (Lemmink, de Ruyter and Wetzels, 1998). This may be because price is considered theoretically more closely related to service quality or quality of products and expectations. Huber, et al (2001) have demonstrated a relationship between customer satisfaction and price acceptance, they find a positive correlation between changes in satisfaction and changes in willingness to pay - the more customers are satisfied, the more they are willing to pay. They concluded that many companies are focusing too much on the efficiency dimension and neglect the price dimension when thinking about cost efficiency.

Companies tend to consider customer satisfaction as the only viable strategy in keeping existing customers. However, in a real buying decision, a purchaser does not decide merely on one single criterion but generally considers several other factors such as the price and image. Although many researchers believe that the best and safest route to satisfy customers is to increase service performance (Spreng, Scott and

Olshavsky, 1996), Jones and Sasser (1995) state that satisfaction does not always correlate highly with the performance since many customers state that they are satisfied but purchase elsewhere. Rogers (1998) and Westwood, Morgan, Pritchard and Ineson (1999) suggest that in the tour operating industry, although product recognition is high, there is little loyalty due to the industry practice of price-cutting. In fact, due to the perishability of the tour product it is unavoidable that it is sold off at a heavily discounted price in the last minute bargain (Westwood, Morgan, Pritchard and Ineson, 1999). In the customer's mind, a higher price may imply a better quality, especially when the service is highly intangible, such as professional services (Grönroos, 2000). Price as a quality criterion can normally be viewed in relation to the quality expectations of customers or as an indication of purchase intention. Normally, customer post-purchase evaluation is related to the price they pay. Consumers may give up purchasing a product if the price rises out of their range.

Although it can be true that the defect of a product can be offset by a low price (Grönroos, 2000), in a competitive market, if customers are not satisfied, they are able to switch from one product to another and their willingness to pay may decrease (Huber et al., 2001). Lovelock (2001) suggests that if a firm is seeking loyal customers, a strategy of discounting prices is not the best approach since those who are attracted by cut-price offers can easily be beguiled away by another competitor who offers a lower price. But Lovelock also indicates that the larger the number of services a customer purchases from a single supplier, the closer the relationship is likely to be since both parties know each other better and it is less convenient for the customer to shift his business. However, in the long run, Grönroos, (2000) suggests that lowering a price as a means of competition might be dangerous since the competitors will press prices down further, and the company may lose an acceptable profit margin and fail to develop for the future.

It has been argued that most consumers are price sensitive and tend to evaluate the quality of product or service by the price (Crosby and Stephens, 1987; Swartz and Brown, 1989). Law and Au (2001) studied the behavioural patterns of Taiwanese visitors to Hong Kong and suggested that two elements of the marketing mix "product" – to provide more attractions - and "price" – offering reasonable price - should be strengthened in order to satisfy the visitor' needs and wants. In general, the

price of the service or product is positively correlated to its quality or customer expectation (Zeithaml, Parasuraman and Berry, 1990). Consumers tend to use price as an indicator of overall quality. When product knowledge and the availability of other cues increase, the influence of price decreases (Oliver, 1997). However, this positive correlation is not always true.

One of the most visible features of the tourism marketplace is price competition: buyers become price sensitive, particularly when demand is elastic. Buyers are less price sensitive when the product is unique, prestigious, of a high quality, or when substitute products are hard to find (Kotler et al., 2003). From the perspective of service quality, price should be seen as a relative determinant of the value of a holiday and is related to the levels of satisfaction. However, the implications of price for tourism service quality are seldom analyzed in tourism textbooks (Law, 2002). Law (2002) suggests that a high standard of service and amenities will please the client who pays a normal price but will only satisfy the client who pays a premium rate. Customers who pay low prices but receive normal or superior standards of service on a holiday will be pleased or delighted. In contrast, customers who pay high prices but receive normal levels of service in return will feel exploited or angry if standards fall further. Law's suggestions indicate that customers who pay low prices have a better chance of being satisfied or of having higher satisfaction than those who pay higher prices (see Law, 2002:13).

3.2.1.2 Equity

The equity model suggests that people are equally sensitive to fairness (Wheeler, 2002). Equity concepts are known to influence satisfaction directly (Oliver and Swan, 1989). Francken and Van Raaij (1981) regard the attribution of inequity as a crucial issue when considering customer satisfaction/dissatisfaction. Oliver (1997) considers that judgement of fairness is very individualistic and involves characteristic tangible and intangible elements. In the comparison of equitable treatment in consumption, a sense of value for the price paid is one of the many important factors of justice in the marketplace. The perception of inequity usually occurs after purchase and consumption. The individuals usually do not sense it in the first place. Oliver (1997:196) states that:

'...many equity norms are held as passive expectations, as in fair play in sports and gentlemen's agreements more generally. Thus, feelings of equity may not be processed unless these norms are violated.'

Social equity theory copes with the interchange relationship between individual inputs (cost) and outputs (benefit). Equity theory (Adams, 1963) suggests that equity is achieved when one person's ratio of outcomes to inputs is equal to that of another. The inequity occurs when the individual feels that the ratio of outcomes to inputs is not the same in comparison with others. When unfairness exists, the individual feels discomfort and will try to find ways to get equity (Wheeler, 2002). Oliver and DeSarbo (1988) proposed the 'equity model' of satisfaction which suggested that the customer would be satisfied when the amount of reward and investment proportion is perceived as impartial and fair. The comparison also involves others; by assessing the input made by other participants. Therefore, equitable treatment during the process of consumption among consumers needs to be paid more attention. The judgement of fairness is very individualistic and diverse because of personal value judgements and cultural background. Oliver (1997) introduces the role of equity in consumer satisfaction which indicates that the entity of equity involves two comparisons: person-to person and person-to-merchant comparisons. Two types of comparison may operate in the person-to-merchant comparison: what consumers get from what they have paid for; what the company gets from the consumers' purchase.

The equity process described above is that of distributive justice which is the perceived fairness of the actual outcome, or the consequence of a decision. Another fairness notion - procedural justice – was introduced by Goodwin and Ross (1992) which explores the manner in which the outcomes were delivered. It relates to whether the procedures of making the decision are perceived as fair. The notion illustrates the procedure of service recovery after a failure of the delivery service.

In guided package tours, there are many interactions – and, so inputs and outcomes – between a tour leader and tour members. Quiroga (1990) pointed out that tourists valued tour guides who treat all the members of the group equally, stimulate group

members, and keep everyone happy. Webster (1993) also suggested that the tour leader should not have favourites and should try to treat every group member equally.

On bus tours, one important issue regarding equity is the allocation of seats. For example, on tours in Europe, travellers must either occupy the seats assigned to them or follow a rota system during the trip (Quiroga, 1990). Shaw (1980) (cited in Quiroga, 1990) shows that the seating layout on the bus has a significant influence on the quality of the interaction among group members and indicates that during a guided tour, the defence of one's territory such as a bus seat is a frequent source of conflict, especially in a large group.

3.2.1.3 Attribution

Attribution - the concept of causal explanation – also influences perceptions of consumer satisfaction (Folkes, 1988). It refers to an inference about what causes observed events, what are the perceived causes of negative or positive purchase outcomes as stated by the consumer? Consumers tend to search for the reasons for outcomes and their assessments of the reasons affect their dis/satisfaction. Attribution theory points out two perceived reasons for product/service failure or success: reasons attributed to the person (self or others), and reasons attributed to the situation or environment (Heider, 1958). However, in terms of consumers' reactions to consumption outcomes, more efforts focus on human judgment. Heider (1958) proposes a notion that individuals will formulate a logical supposition regarding events even though they have no necessary expertise or competence or the accuracy of causal inferences.

Folkes (1988) examined the effects of attribution theory on numbers of mixed consequences which include the focus of the consumer's reaction (who should be blamed), future consequences of attribution (whether to re-buy the product), the redress preferences of consumers, and the satisfaction response. However, more discussion focuses on Weiner's views. Discussion on the consequences of attribution drawn by Folkes can be reviewed through Weiner's attribution dimensions. Weiner, Frieze, Kukla, Reed, Rest, and Rosenbaum (1971) and Weiner (1985) develop an attribution framework which has been applied to diverse areas (Oliver, 1997). The

three-dimension framework – locus, controllability, and stability - has also been recognized as more influential in the determination of causal inference. Attribution theory postulates that in order to classify and to explain why a product does not perform as expected, consumers will fall within the three-component dimensionality (Oliver, 1997)

Locus dimension is concerned with who is responsible for the failure, the consumer (internal locus) or the firm (external locus)? The internal/external element, which refers to when consumption outcomes are attributed to a person, is strongly related to redress expectations and to actions. Numbers of studies find that the greater the degree of external attribution is generated, the more redress is expected from external agents and the more consumers complain (Oliver, 1997); whereas the greater the degree of self-attribution, the more likely it is that consumers will do nothing when dissatisfied (Krishnan and Valle, 1979). Furthermore, externally attributed failure results in anger or unpleasant surprise. Internally attributed failure results in guilt and regret.

Controllability dimension refers to the degree of power that consumers and firms are able to control (are the causes under volitional control or are they constrained by external factors?), including the price the consumer is willing to pay and the price asked by the seller. The consequences of controllability dimension are usually closely tied to locus dimension. Stability dimension refers to the signals that indicate whether the same problem or success of a product is likely to be repeated in the future. It reflects the inherent uncertainty of the transaction, including the consistency of product and service quality and the availability of a product/service (Weiner, et al. 1971; Weiner, 1985).

According to the attribution theory, consumers may attribute their dis/satisfaction to the event internal to the consumer versus external to others. Internal attribution for dis/satisfaction includes personal attitudes, expectations and intrinsic rewards. External attribution for dis/satisfaction is people, such as service providers, friends and relatives and hazards such as unexpected incidents, and information sources. (Decrop, 2001). When consumers are disappointed with services or products because the services or products did not fulfil their expected needs or were not worth their

price, consumers may attribute their dissatisfaction to others or themselves depending on certain circumstances since consumers believe that they themselves are partly responsible for their dissatisfaction (Zeithaml and Bitner, 2003). Zeithaml and Bitner (2003) consider that consumers may feel more responsible for their dissatisfaction in purchasing services rather than products since goods usually carry warranties or guarantees illustrating that if something goes wrong, it is not the responsibility of the consumer. Weiner, Russell and Lerman (1978) show that satisfaction describes internal locus attributions more frequently and external attribution responses tend to include appreciation and gratification. Hence Van Raaij and Francken (1984) postulate that vacationers who attribute their dissatisfaction to external factors are more dissatisfied than vacationers who attribute their dissatisfaction to themselves. This concept relates to Folkes (1984) who shows that the dominant attribution for satisfaction is the locus of causality and suggests that satisfaction should be more apparent for internal than for external attributions in the success of a product.

It is often difficult for a customer to recognize and value what he or she cannot see or has no knowledge of. They feel uncertainty about the service they cannot see or touch. In tourism products, service is often intangible and is not returnable since it involves a psychic dimension, even compensation is not possible. Dissatisfaction is a common phenomenon for consumers in reaction to their consumption experiences when things have gone wrong. The attribution process results in some predictable patterns of failure or success assessment. Based on equity theory, Francken and Van Raaij (1981) argue that dissatisfaction occurs only if negative feelings about the vacation are attributed by the vacationer to external factors (supply variables), not if seen as the result of internal factors.

3.2.1.4 Emotion (hedonism and enjoyment)

Ortony, Clore, and Collins (1988) define emotions as valenced reactions to events, agents, or objects and are more impulsive and less intentional than attitudes. Emotion influences peoples' perceptions and evaluations of their experiences, it is more intense, stable, and pervasive than mood (Gardner, 1985). Emotion reveals a temporary state of pleasant or unpleasant disposition (Oliver, 1997). Sheth and Mittal (2004:170) state that 'emotions are consciousness of the occurrence of some

physiological arousal followed by a behavioural response along with the appraised meaning of both.' Emotions contain three components: physiological, behavioural, and cognitive and can be preexisting and influence how customers feel about the services they experience - for example, a negative frame of mind may cause customers to overreact or respond negatively to any little problem. Alternatively, a good mood may activate customers to respond positively to any minor incident (Zeithaml, Bitner, 2003; Sheth and Mittal, 2004).

Schachter (1964) develops a 'two-factor theory' to explain emotions. Schachter considers that the experience of emotion relies on two factors, autonomic arousal and its cognitive interpretation, or meaning analysis. Autonomic arousal occurs automatically, and generally consists of the fundamental emotions. It consists of a cognitive expression of the event which is then appraised. Appraisal is an analysis of the relevance of an event during or after consumption. The cognitive interpretation starts with the consumers' assessment of the significance of the dis/satisfaction. The theory indicates that the initial stimulus can come from the external environment as well as internal reactions. Oliver's (1997) 'two-appraisal models' suggests similar processes.

Emotional responses also influence perceptions of consumer satisfaction. Consumption emotion refers to the set of emotional responses elicited during consumption experiences as described either by the emotional experience and expression, such as joy, anger, sadness, and fear or by emotional categories, such as pleasantness/unpleasantness, relaxation/action, or calmness/excitement (Russell, 1979). Based on attribution judgments, consumers may feel certain emotions induced by consumption experience – blame and gratitude. Consumers might be angry with the service providers for producing a defective product and guilt for making a bad decision. On the other hand, consumers might be delighted by making a good choice of an exceptionally good product (Oliver, 1997).

Studies of consumption emotion have examined a variety of different emotion types and dimensions. Several primary emotion typologies (see Izard, 1977; Plutchik, 1980) have been proposed to categorize subjective experience. In studying respondents' emotional reactions to their automobiles, Izard (1977) states that consumers

experience three emotional categories (based on ten fundamental, discrete emotions) in response to an event or the service. These emotional categories are: positive reactions – interest, joy; negative reactions – anger, contempt, disgust, shame, guilt, sadness, and fear; and neutral reactions – surprise. These fundamental emotions may be experienced individually or in combination, such as when disgust and sadness combine as remorse. Izard's ten discrete emotions have been used as a starting point for considering emotive experience in diverse contexts (e.g., Westbrook, 1987; Westbrook and Oliver, 1991). For example, using the emotion typology of Izard (1977) in studying the relationship between consumption emotion and satisfaction, Westbrook (1987) found that consumption emotion could be characterized by independent dimensions of positive and negative affect, which in turn were reflected in consumer-satisfaction judgment. Allen, Machleit and Kleine (1992) consider that Izard's framework is able to demonstrate its flexibility and comprehensiveness.

In contrast to the discrete approach (e.g., Izard, 1977; Plutchik, 1980), several researchers suggest that emotions can be described in terms of two dimensions (referred to as the structure of emotion), such as pleasantness/unpleasantness and arousal/quietude or even multiple dimensions (Russell, 1979). In assessing the dimensionality and structure of the consumption experience, Mano and Oliver (1993) propose an additional dimension – the utilitarian/hedonic variables - and suggest that the nature of the product feature (utilitarian versus hedonic) provides some of the structure of the satisfaction response. Hedonic consumption, that is the use of products or services that give intrinsic enjoyment or pleasure through the senses, help create fantasies and cause emotional arousal (Holbrook and Hirschman, 1982). Based on a causal framework, satisfaction is found to be a significant function of positive affect (hedonic), negative affect, and utilitarian influence (Oliver, 1997). In the study of river-rafting (Arnould and Price, 1993; Price, Arnould and Deibler, 1995) revealed that customers' emotional responses to the trip were strongly affected by the river guides and those feelings were linked to their overall trip satisfaction.

Furthermore, Decrop (2001) examines the antecedents of vacationers' dis/satisfaction from the field of research and indicates that tourists' dis/satisfaction may be connected/involved with their hedonistic and emotional background. Decrop suggests

that post-experience feelings and emotions should be considered as part of the cognitive approach to consumer dis/satisfaction. This affective perspective is supported by several researchers (see Westbrook, 1980; Westbrook and Oliver, 1991). Westbrook (1980), who proposes that dis/satisfaction results partly from personality traits or enduring attitudes, and partly from momentary moods, considers a vacationer with optimistic attitudes is more likely to be satisfied than one with pessimistic attitudes.

Analyses of product-consumption experience have indicated that the post-purchase period may involve a variety of emotional responses (Holbrook and Hirschman, 1982; Holbrook, Chestnut, Oliva, and Greenleaf, 1984). Both emotion and satisfaction judgments occur in the post-purchase period, but their correspondence is not well documented in the literature, since satisfaction appears in a number of the emotional typologies. Whether satisfaction and consumption emotion are distinguishable theoretical constructs has been questioned (Westbrook and Oliver, 1991; Oliver, 1997). For example, 'happy' and 'pleased' are frequently used to describe satisfaction feelings, all two terms are used for descriptor anchors in the same one-item scale (see Andrews and Withey, 1974). The outcome of positive product experiences, which can be pleasurable, approaching delight, or tending toward contentment, is represented by reports of satisfaction. Pleasure, delight, and contentment may represent alternative emotional meanings of satisfaction or satisfaction prototypes, thus the difference between satisfaction and consumption emotion is only on the degree of arousal (Oliver, 1997). Hence, Oliver (1989) states that specific types or categories of emotional response may causally be a precursor to, and coexist with, the satisfaction judgment. Other investigators have conceptualized satisfaction as an emotional response to the judgment (Woodruff et al., 1983). However, Hunt (1977) considers that satisfaction is not the pleasurableness of the consumption experience, rather it is the evaluation of post-consumption experience. Shaver, Schwartz, Kirson and O'Connor (1987) place satisfaction in a distinct grouping based on its more differentiated semantic content rather than place it with prototypical emotional categories such as joy, sadness, or fear. Although generally no conclusions have been drawn on whether satisfaction is an emotion (Oliver, 1997), numerous researches have recognized that customers' emotions affect their perceptions of satisfaction with products and services.

Consumer response to the service encounter has been defined narrowly as the judgement of satisfaction (Fish, Brown and Bitner, 1993). Overlooking emotional responses in favour of cognitive beliefs and evaluations can impede marketing practitioners' insights about consumers' preferences (Woodruff, Miller, Armstrong and Peterson, 1990). Given the common belief that emotions serve as primary motivators of behaviour (see Izard, 1977; Holbrook and Hirschman, 1982), Allen et al. (1992) further demonstrate that emotional reports can supplement attitudinal judgments for behavioural prediction and can be valuable for predicting behaviour. Grönroos (2000) indicates that emotions also form either a filter mediating experiences of service process, or are variables that affect the experience alongside cognitively perceived quality elements. In concluding the sequence of the final satisfaction judgment, the more severe the outcome, the greater the likelihood of attributional processing and the greater the degree of felt emotion.

Hedonism and Enjoyment

A consumer's emotional response to the service encounter is more than just a simple reaction of extreme dissatisfaction or extreme satisfaction. A customer's emotional expression - such as on a vacation trip - may appear in complex patterns of both positive and negative feelings. These emotional responses could include feelings of pleasure, happiness, sadness, or regret (Arnould and Price, 1993).

A package tour abroad not only provides a combination of services but also offers buyers a dream. Travellers are not only enjoying a physical experience, but also undertaking a psychological experience (Holloway, 1998). Psychological experience is the display of one's inner desires and feelings which demonstrates an individual's sense of satisfaction or expression of enjoyment. Consumption emotion during product usage is distinguishable from satisfaction. Joy, anger, and fear are the expression of emotional experience (Westbrook and Oliver, 1991). In the study of consumption experience in playing games, Holbrook, Chestnut, Oliva, and Greenleaf (1984) suggest that it is quite reasonable to expect that one's emotional responses to playful consumption in a game should depend on performance. The success of the game should reinforce one's feeling of pleasure, arousal, and dominance. In a word,

Unger and Kernan (1983) consider that the consumption experience of satisfaction, enjoyment, fun, and other hedonic aspects have been widely accepted as the essence of play and other leisure activities. Holbrook and Hirschman (1982) state that consumer behaviour includes hedonic elements of fun, feelings, and fantasies that ought to be examined in their own right. In fact, many tourism organizations claim that travel may improve levels of happiness. The level of activities on the trip could contribute to travellers' psychological well-being and their level of happiness (Milman, 1998).

Consumption activities produce both hedonic and utilitarian results. Hedonic value is a more subjective and personal feeling and it results in more fun and playfulness compared with its utilitarian counterpart (Holbrook and Hirschman, 1982). Consciousness of enjoyment itself is a significant hedonic benefit provided through shopping activities (Bloch, Sherrell and Ridgway, 1986) and travel experiences. Babin, Darden, and Griffin (1994) emphasised that recreational shoppers are likely to expect high levels of hedonic value. In fact travel experience, gift-shopping, cuisine tasting, viewing scenic beauty and relaxation are all enjoyable elements perceived as pleasurable by tourists. Law and Au (2001) state that human interaction is one of the major intangible components of the tourism product which usually can be considered an enjoyable experience for travellers, especially during the shopping encounter. The enjoyment experienced during the travel encounter is of increasing importance to holidaymakers and can be viewed as a contribution towards satisfaction with the complete consumption experience.

3.2.2 Customer satisfaction theories

Many theoretical frameworks have been introduced to measure/evaluate customer satisfaction in hospitality and tourism. In the viewing the marketing literature, references to two major approaches for measuring customer satisfaction have been made. Parasuraman et al. (1985, 1988, 1991) consider that customer satisfaction is the outcome resulting from a comparison between initial expectations and the perceived performance of a product/service (expectation-perception gap model). By contrast, Grönroos (1984) states that customer satisfaction is only an outcome of customers' perceptions of the actual quality of performance (performance-only analysis). Several

customer satisfaction approaches are based on expectation as a standard which include 'expectation-performance', 'disconfirmation' (expectancy-disconfirmation) approaches, and Miller's four types of expectation comparison standards. Using expectation as a standard approach proposes that customers are likely to predict the performance of a product or service. They then mentally compare the performance to their expectations either during the purchasing stage or in the succeeding days (Kozak, 2001). Customers will feel dissatisfied if received performance is less than expected. On the contrary, they are expected to be satisfied when their expectations are met or exceeded by the product or service.

Existing customer dis/satisfaction theories

In the investigation of destination satisfaction research, several existing customer satisfaction measurement theories were developed and empirically tested, such as simple performance ratings, importance minus performance, measurement based on equity theory, and the disconfirmation of expectations. However, the most widely accepted theories are 'expectation-performance', 'important-performance', 'disconfirmation' and 'performance-only' (see Kozak, 2001). Some researchers believe that customer satisfaction is a reflection of either positive or negative disconfirmation between expectations and perceptions whereas others stress that it is an outcome solely of perceptions (Kozak, 2001). In addition, there has been extensive discussion in the marketing literature regarding the nature and determinants of customer satisfaction and how it is best measured (Oh and Parks, 1997). Furthermore, Oh and Parks (1997) examined nine existing dissimilar theories of customer satisfaction of which many were based on cognitive psychology, some receiving moderate attention, with others receiving little attention. The nine theories include (1) expectancy disconfirmation; (2) assimilation or cognitive dissonance; (3) contrast; (4) assimilation-contrast; (5) equity; (6) attribution; (7) comparison-level; (8) generalized negativity; and (9) value-percept (see Pizam and Ellis, 1999). Oh and Parks (1997) concluded that of the nine theories that evaluate satisfaction, the expectancy-disconfirmation theory is the most widely accepted one.

3.2.2.1 Expectancy disconfirmation: appraisal, comparison, and criticism

Expectancy disconfirmation theory considers that customer satisfaction with the outcomes of a purchase is determined by the difference between the perceived performance and pre-consumption expectation. This theory, proposed by Oliver (1980), suggested the term 'positive disconfirmation' for when the perception of the actual received performance exceeds expectation, and 'negative disconfirmation' or a dissatisfaction occurrence when the perceived performance is worse than expected. The expectancy disconfirmation model suggests that a rising level of expectation means that negative disconfirmation is more likely to occur. However, the evidence of performance-satisfaction relation seems axiomatic. The degree of customer satisfaction is influenced by a rise in all aspects of performance.

Rooted in social psychology and organizational behaviour, Oliver and DeSarbo (1988) further indicated that, expectancy disconfirmation actually consists of two processes – the formation of expectations and the disconfirmation of those expectations through performance comparison. The two components – expectation and disconfirmation – have been shown to have separate effects similar to Helson's (1964) adaptation level predictions (also see Section 3.2.1.1 Expectation). The two components can also act as unrelated effects in the satisfaction judgement – some consumers are more expectations influenced, others may be more disconfirmation influenced. Apparently, expectation provides a fundamental assessment around which disconfirmation judgments are made. However, Oliver (1981) believes that disconfirmation is a stronger factor than expectation, in particular when the disconfirmation is negative (for example, in word-of-mouth effects).

Traditionally, customer satisfaction research follows the disconfirmation paradigm theory which was proposed by Oliver (1980) and has been widely used as a means of measuring dis/satisfaction in the service industry (also see Petrick et al., 2001). The expectancy disconfirmation theory indicates that customer dis/satisfaction is the result of measurement between the consumer's pre-purchase expectation and post-purchase experience (Oliver, 1980; Handy, 1977; Woodruff, Cadotte, and Jenkins, 1983; Berkman and Gilson, 1986; Eggert and Ulaga, 2002). Contemporarily, customer satisfaction is viewed as a state of mind in which the customers' needs, wants, and expectations are evaluated as to whether they have been met or exceeded throughout the product or service life (Churchill and Surprenant, 1982; Anton, 1996). Most

research accepts as true that pre-purchase expectation has an influence on customer satisfaction. However, the expectancy disconfirmation model (many researchers also refer to it as the disconfirmation model) has been challenged for years, although the model can describe the formation of satisfaction in certain circumstances. For both understanding and measuring dis/satisfaction, alternative theories that include emotional and social components should be included (Decrop, 2001).

Criticism on the basis of expectation

Although it is generally accepted that expectation will affect satisfaction, there is no conclusive evidence to indicate that it leads directly to dis/satisfaction (Barsky, 1992). In addition, definitions of expectation have varied from a narrow to a broad perspective, the definition can be different for different authors and it is not always made clear to the reader (Liljander and Strandvik, 1993). In a tourism sector where customers may not take vacations frequently during a year, it is unlikely for a customer to establish an accurate standard of expectation concerning each vacation due to the time interval between each vacation. Furthermore, people may alter their expectations and evaluation of standards, and may even forget how satisfied they were with the previous vacation experience (Kozak, 2001). Beyond those mentioned above, it is also difficult for travellers to know exactly what to expect since so many components are involved in the tourist experience during a tour.

Apart from expectation itself, the involvement of comparison has also been confronted. Decrop (2001) notes that the comparison process between expectation and actual performance is not a sufficient condition for evaluating dis/satisfaction since customers can often indicate the difference between vacation experience and performance but without any evaluation. In addition, the results of dis/satisfaction do not always come from the product/service itself but may be the consequence of an attributional process. The feeling of dis/satisfaction can be simply because of his/her own decisions and behaviour.

In terms of criticism of expectancy disconfirmation theory, Yüksel and Rimmington (1998) note that the expectancy disconfirmation theory has received theoretical and operational criticism. For example, since expectation is subtracted from perception,

the mean value of expectation is usually higher than the perception and the gap score is always calculated as negative (Parasuraman, et al., 1991). Measuring expectations prior to the service experience has its weakness. Since expectations are regarded as varying over time, it is difficult to measure expectations and performances in two different time settings (Carman, 1990; LeBlanc, 1992). Johnston (1987) emphasizes that customer's expectations are dynamic and change before, during or even after the visit period. Therefore, expectations are difficult to measure at any particular point in time. Furthermore, the expectation may not reflect reality and may be based on a lack of information and unfair comparisons. For example, if a consumer has low expectation and experiences poor performance, the individual will still be satisfied (LaTour and Peat, 1979). Consumers' prediction of performance might also be rather superficial and vague - the customer may revise his/her expectation based on previous travel experience or on others' opinions during the service encounter. Mazursky (1989) points out that using brand expectations has also been questioned by researchers. Based on Botterill's (1987) view, Bowen (2001a) with specific reference to tour packages concludes that satisfaction is not achieved by narrowing the gap between expectation and performance. Rather, tourists' satisfaction can be achieved by the adaptation of the tourists themselves to unpredictable events.

In short, the measure of customer satisfaction that compares expectation of performance and perception of performance during the service encounter on a tour may not reflect the real scenario. Customer satisfaction can be assessed based on an outcome or a process (Pizam and Ellis, 1999). Oliver (1981) regards customer satisfaction as a customer's emotional response to the use of a product or service. According to Vavra's (1997) definition, customer satisfaction is characterized as the end-state resulting from the experiences of consumption. A single measurement of satisfaction may be a better technique than the use of the disconfirmation paradigm (Vaske, Donnelly, Heberlein and Shelby, 1986). Swan and Trawick (1981) and Olshavsky and Miller (1972) suggested that performance *only* might be the crucial determinant of satisfaction for some items. Bowen (2001a) in a study of long-haul inclusive tours suggested that six antecedents independently or in combination affected consumer satisfaction and dissatisfaction – performance, expectation, disconfirmation, attribution, emotion, and equity. In his participant observation, he found that the performance element was considered to have the greatest influence on

tourist satisfaction and dissatisfaction. The tour leader and the participants all had a significant influence on the tour performance. Geva and Goldman (1991) noted that the intense contact and constant interaction with the participants gives the tour leaders a positive advantage over a company (tour operator) that is not at the scene and is unable to defend itself. Finally, Ryan (1999) warned that the popularity of measuring customer satisfaction makes us unsighted to the real nature of the experience tourists seek and find. It is essential to go to the field and listen to customers in order to develop a proposition inductively instead of testing stereotypical and stringent hypotheses. An inductive interpretive approach, where the focus is on understanding and not on prediction, can be more appropriate (Decrop, 2001).

3.2.2.2 Alternative perspectives

Apart from using expectation as a standard approach, two theories that evaluate customer satisfaction with the calculation of descriptive statistics are also widely suggested.

Important-performance analysis (IPA)

Important-performance analysis has been applied to various markets including escorted tours (Duke and Persia, 1996) and tourism destinations (Uysal, Howard and Jamrozy, 1991; Hudson and Shephard, 1998). The concept of important-performance analysis, which has been adapted from the expectation-performance approach, suggests four dimensions of conditions as 'high importance-high performance', 'high importance-low performance', 'low importance-high performance', and 'low importance-low performance' (Olshavsky and Miller, 1972). The purpose of this approach is to determine which attributes customers consider most important, and how well the performances in attributes that are considered important to customers. The relationship between the levels of importance and performance of a service is categorized (Ryan, 1995).

Important-performance analysis is a process that displays the relative importance of various attributes, and the performance of the firm, product or destination under study in providing these attributes. One of the major benefits of using this technique is the

identification of areas for service quality improvements (Martilla and James, 1977; Hudson and Shephard, 1998). By a simple visual analysis of this matrix (displayed graphically on a two dimensional grid), it is able to advise management to continue to strengthen the attributes in the area where high importance and high performance meet, and to improve customer services and products and reallocate resources in the area where high importance and low performance meet (Barksy and Labagh, 1992). By using IPA, Sethna (1982) successfully tests the hypothesis that the greater the consumer's dissatisfaction with the product, the greater the discrepancy between the importance of an attribute and the performance of a product on that attribute. Hudson and Shephard (1998) consider that IPA analysis provides a useful technique for evaluating service attributes in relation to skiing destinations. Further, the IPA method has been found to be significant for evaluating the level of customers' satisfaction with a product or their holiday experiences (Kozak, 2001). However, Oliver (1997) argues that without knowledge of the relation between performance and satisfaction, it is not empirically defensible, just intuitively attractive.

Performance-*only*

As mentioned above (in Section 3.2.2.1, Criticism on the basis of expectation), the approach of performance-*only* technique has been considered as a good alternative choice for evaluating customer satisfaction. Kozak (2001) reviewed the existing literature and summarized that there was no consensus on how to measure customer satisfaction in tourism or hospitality research although the 'performance only' and 'expectation-performance' approaches seemed to be used more than any other. However, given the theoretical and operational inadequacy related to the measurement of expectation, many researchers doubted the validity of disparity theories for measuring customer satisfaction and considered that perceived performance is the best predictor (e.g., Prakash, 1984; Brown, Churchill, and Peter, 1993, Engeset and Heide, 1997). In addition, perceived performance is more straightforward, convenient, and typical of human cognitive processes (Meyer and Westerbarkey, 1996).

The performance-*only* approach leaves out the use of expectation as a comparison standard within the measurement of customer satisfaction. This approach proposes that the customer is likely to be satisfied when a product or service performance

reaches a desired level regardless of the existence of any previous expectations (Czepiel, Rosenberg and Akerele, 1974). It has been empirically supported that the performance-*only* approach has higher reliability and validity value than do other approaches (Prakash, 1984). In its application to tourism and hospitality sectors, Crompton and Love (1995) indicated that this approach gives a higher correlation of coefficient values in a research setting of visitor satisfaction with festivals.

Some researchers support the view that satisfaction can be measured from a perspective of performance (Olshavsky and Miller, 1972; Churchill and Surprenant., 1982; Cronin and Taylor, 1992). In this study, the assessment of customer satisfaction on tour toward the product is based on the observation of customers' reactions toward the tour leader's performance and the quality of the tour itinerary.

3.3 Service quality

3.3.1 Evaluation of service quality, customer satisfaction, and value

Although the terms 'satisfaction' and 'quality' have some similarities and many practitioners tend to use them interchangeably, the two concepts are fundamentally different in terms of their underlying causes and outcomes.

A number of studies have introduced theoretical frameworks and carried out methodologies to measure service quality as well as customer satisfaction in different hospitality sectors (Lam and Zhang, 1999). The measurement of quality or satisfaction is associated with the service attribute set during a single encounter which is related to one's experience of dis/satisfaction. Some researchers suggest that customer satisfaction is a precedence to service quality (Oliver, 1981; Zithaml, Parasuramna and Berry, 1988; Bitner, 1990; Bolton and Drew, 1991).

However, several researchers in satisfaction have different views and suggest that good service quality should lead to satisfied customers (Lewis and Klein, 1987). Some emerging agreement suggests that satisfaction is superordinate to quality (Cronin and Taylor, 1992; Zeithaml, Bitner and Jo, 1996) since quality is only a part of many potentially influenced components of consumer satisfaction constructs.

Nevertheless, the provision of good service quality is not equivalent to ensuring customer satisfaction. The situation could occur that consumers perceive high service quality but are not happy with what they have received, or conversely that they are satisfied with what they have received although it was perceived as poor service quality. With regard to the value judgment between service quality and customer satisfaction, both have long-standing merits for management attention. Cronin and Taylor (1992) consider that the service providers need to know whether they should aim for satisfied customers or rather emphasize good service quality.

There is a distinction between service satisfaction and perceived service quality. Service quality evaluation focuses specifically on customers' perceptions of elements and dimensions of service, whereas satisfaction has both a cognitive and an emotional component and is more inclusive and viewed as a broader concept; satisfaction is influenced by perceptions of service quality, product quality, and price as well as situational factors and personal factors. In a sense, perceived service quality is looked upon as a component of customer satisfaction (Zeithaml and Bitner, 2003). From a consumer behaviour viewpoint, satisfaction can be regarded as an emotional reaction to service attributes and quality, and is a cognitive reaction (Westbrook, 1987; Dube-Rioux, 1990). Satisfaction is generally believed to be more affective or emotional than quality. Iacobucci, Grayson and Ostrom (1994) consider that satisfaction is a more internal and personal evaluation, but quality is essentially a judgement on external criteria. Nevertheless, both can be studied objectively. Finally, a major differentiation between them is made by Zeithaml and Bitner (1996). They describe customer satisfaction as only being evaluated following an actual experience, but perceived service quality could be absent from the actual experience. Anderson, Fornell and Lehman (1994) state that customer dis/satisfaction requires genuine experience with the service and is affected by the perceived quality and the value of the service. Cronin and Taylor (1992) consider that service satisfaction represents an immediate service experience; in contrast service quality is limited to long-term consumer attitudes. They believe that service satisfaction has a greater influence on the future purchase intention than service quality (Cronin and Taylor, 1992). In short, customer satisfaction is influenced not only by perceptions of service quality, but also by other factors including more internal and personal involvement. Clearly, customer

satisfaction seems to be more subjective and sentimental than the actual service quality.

In conclusion, the distinction between service quality and consumer satisfaction is drawn as follows (Taylor and Baker, 1994:165):

- The dimensions underlying quality judgements are rather specific, whereas satisfaction can result from any dimension.
- Expectations of quality are based on ideas or perceptions of excellence, whereas a large number of non-quality issues can help form satisfaction judgements.
- Quality perceptions do not require experience with the service or provider whereas satisfaction judgements do.
- Quality is believed to have fewer conceptual antecedents than does satisfaction.

3.3.2 Service encounter

Service is a subjective concept and a complicated phenomenon. Intangibility and interactive activities construct the central idea of the nature of service. When selling a product, it usually also means selling intangible services (Shostack, 1977). Quality of service is difficult to control before it is sold or consumed; its invisible and intangible nature make customers rely on the image of a firm for further purchases. Grönroos (1990) states that if an image is negative, any minor mistake will be considered as greater than it otherwise would be.

The quality of service is decisive when the moment of truth is reached. The service encounter (moment of truth) is when the customer assesses the service quality and his/her satisfaction which involves a complex set of behaviours among the customer, the server, and the service company (Bateson, 1985). Shostack (1985) defined the service encounter as "a period of time during which a consumer directly interacts with a service." During service delivery, Gabbott and Hogg (1998) state that the quality of

the service encounter involves two significant elements – service personnel and the service setting.

Three characteristics of service personnel directly affect consumers' service experience (Czepiel, et al., 1985): (1) employees' expertise which is associated with creativity, flexibility, and responsibility to the customers; (2) employees' attitude which is related to their openness, friendliness, and empathy; (3) the demography of the service provider which is related to gender, sex, and educational level. The quality of the service encounter should be viewed from the customers' perspective. Bitner, Boons and Tetreault (1990) consider that the contact employees who dissatisfy customers are often under-trained (which is due to a high turnover rate), suffer from job dissatisfaction, or are under-paid with low levels of motivation.

The service setting refers to the contact environment. Maslow and Mintz (1953) suggest that aesthetically pleasing physical surroundings and physical content can influence people's mental state. Gabbott and Hogg (1998) consider that the service encounter involves five dimensions: Time, physical proximity, participation, engagement, and degree of customisation. In terms of time, the service encounter can be categorised as a single, a multiple, and a latent encounter service. The latent encounter service refers to the service activated in the future when it is necessary and the relationship is assumed to be infinite (Gabbott and Hogg, 1998). There are two unfavourable factors for travel service companies during the service encounter. When service involves multiple service encounters and latent encounter services, it is difficult to maintain the same level of satisfaction. Secondly, Solomon et al. (1985) state that people are constantly changing their perspective of the service experience. According to the Role Theory, people are social actors; they learn and adapt themselves through a series of social settings. The level of satisfaction tends to be easily influenced by other people during multiple service encounters in a single transaction.

3.3.3 Properties of service quality

It can be argued that the worldwide tourist market has shifted from a seller's market to a buyer's market. The result is that clients are more likely to demand cheaper

holidays and have an increased requirement for high standards of product design (Moutinho, 2000). Also the competitiveness of the marketplace and the increased expectations of customers have made service providers recognize the importance of customer service for future business (Harris, 1996). Hruschka and Mazanec (1990) consider that service quality differentiation by the travel service providers may be the key element in differentiating themselves from other competitors. Even though there is a mature competitive market, it is perhaps difficult to greatly differentiate the tourism product with regard, say, to the itinerary.

The standard of quality somehow remains debatable as it is based on specialist's standards or consumers' subjective perceptions. The level of service quality is difficult to define due to its unspecific attributes and nature. Gabbott and Hogg (1998:102) defined quality as

> 'a product in some way is rated against a standard ... this standard may be defined by the producer, defined by the consumer, either explicitly or implicitly, or set by other similar products with which it is compared.'

Reuland, Coudrey and Fagel (1985) suggest that the quality of hospitality services consists of three elements: the material product, the behaviour and attitude of the employees, and the environment. Martin (1987) considers that service has two qualities: the procedural quality which relates to the mechanism of the product and its selling system to customers and the convivial quality which relates to the interpersonal contact between service providers and customers. Contact personnel's performance skills and customers' needs should be considered and appreciated. In the evaluation of service quality, Nelson (1974) suggests two categories of properties in the customer's evaluative process: search qualities and experience qualities. Search qualities refer to the search of preferences prior to purchasing a product. Experience qualities refer to the perceived experience during and after the purchase. In fact, the views of consumers should be given more attention. Oliver (1993) suggests that quality is a form of assessment from the users' viewpoint. Buzzell and Gale (1987:111) stated that "quality is whatever the customers say it is, and the quality of a particular product or service is whatever the customer perceives it to be." Perceived service quality can be a psychological evaluation, judged by customers from their previous knowledge and present experiences. Mills (1986) states that customers assess

the efficiency of services rendered on the basis of what they consider to be desirable and not necessarily what is desired.

In order to make a success of the sale, Laws (1991) proposes two functions for managers to follow. The first part is concerned with designing a suitable service delivery system to minimize dysfunction and maximize effective service transaction. The second is concerned with staff selection and training to ensure that the delivery system can be functional. Both the delivery system and staff training should take into account customers' cultural characteristics. Chon (1999) suggest two types of service quality; one is about the product features, and the other is related to freedom from deficiencies. When applied to customer expectation, freedom from deficiencies refers to what is tolerable or acceptable. The product features refer to the desired level which attracts more attention since it influences customers' perception of value when customers believe that the received benefits are greater that the sacrifices made. To enhance service quality, the company should generate the maximum received value in the eyes of the customers. An innovative delivery system undertaken by well-trained employees is capable of differentiating products for specific markets and reinforces a company's identity (Chon, 1999).

In view of the attributes of service mentioned above, the researchers suggest that more attention should be paid to the quality of service personnel. In spite of the importance of the product itself, in the tourism industry, designing a suitable service delivery system to minimize dysfunction is essential for service quality. However, without taking the customers' cultural background and their perception of value into account, the level of service quality will be viewed as undesirable.

3.3.4 Service quality determinants (SERVQUAL and its derivatives)

In the hospitality industry, many service quality models have been developed. Lehtinen and Lehtinen (1982) suggest three guidelines for service quality: (1) physical quality, (2) corporate quality, and (3) interactive quality. In the attribute of interactive quality, it addresses both the interaction between personnel and customers and the contact between customers and other customers. An empirical study by British Airways found that 'care and concern', 'spontaneity', 'problem solving', and

'recovery factors' were considered very important by airline passengers when judging airlines' service quality (Albrecht and Zemke, 1985). These factors showed that travellers are concerned about how the airline handles problems when things go wrong. Since the in-flight service provided by most airlines is similar, the problems might nowadays be related to the frequent delay of the airlines and the complaints of delay by customers. The importance of employees' willingness to help and take an active approach in handling customers' problems was also disclosed.

Furthermore, LeBlanc (1992) indicates six factors of customer perceptions of service quality, in order of importance. These are:
- Corporate image
- Competitiveness
- Courtesy
- Responsiveness
- Accessibility
- Competence

Among these service qualities, courtesy and competence relate to the contact personnel of a travel agency. Shetty (1988) suggests that travel managers should train the contact personnel to realize that quality of service is part of their job. In the tourism industry, many travel agencies tend to provide service based on their own marketing advantage rather than being concerned with customers' desires. This perception should be adjusted.

Grönroos (2000) integrated several previous studies and proposed a service quality model based on seven criteria. The model aims to offer a conceptual framework for understanding the features of a service including its outcome, process, and image dimensions. The seven criteria are:

- Professionalism and skills – outcome-related dimensions
- Attitudes and behaviour
- Accessibility and flexibility
- Reliability and trustworthiness   - process-related dimensions
- Service recovery
- Serviscape (physical surrounding/environment)
- Reputation and credibility - image-related dimensions

The model offers the researcher and marketer a basis for developing a service with a certain quality. It also draws much attention to personnel quality in providing service. However, the list is not exhaustive. In various industries, other determinants of good quality may emerge. In short, among these various determinants, the determinants which are related to service quality of personnel appear to be more significant. However, it seems difficult to tell which is more crucial than the other; it depends on the circumstances.

Among existing service quality models, the best well-known model in the service industry is SERVQUAL which was developed by Parasuraman, Zeithaml and Berry (1985) and refined in 1988. SERVQUAL as an instrument has been widely recognized and tested in various service industries for measuring service quality, and for customer satisfaction (see Dube, Renaghan and Miller, 1994; Pizam and Ellis, 1999). The instrument is used to ascertain the level of service quality and to identify where and to what extent gaps in service exist.

SERVQUAL and its derivatives

SERVQUAL is a multiple-item scale which was designed to assess the quality of firms by consumers in a wide range of service categories. The model is used primarily for identifying the key dimensions of service quality and their contributions to overall customer satisfaction as perceived by customers of a service firm. The initial ten categories were (1) reliability; (2) responsiveness; (3) competence; (4) access; (5) courtesy; (6) communication; (7) credibility; (8)security; (9)understanding/knowing; and (10) tangibles (Parasuraman, et al., 1985). Further research and simplification led the current SERVQUAL instrument to consist of a five-dimensional determinant which includes 'tangibility', 'reliability', 'responsiveness', 'assurance', and 'empathy'. Seven of the original dimensions were merged into 'assurance' (competence, courtesy, credibility, security) and 'empathy' (access, communication, understanding/knowing). The current five dimensions, which consist of 22 sets of expectation and perception measuring items, were identified as follows (Parasuraman, Zeithaml and Berry, 1988; Berry and Parasuraman, 1991):

- Tangibility – the appearance of physical facilities, equipment, personnel, and communications materials;

- Reliability – Delivering on promises, the ability to perform the promised service dependably and accurately;

- Responsiveness – willingness to help consumers and to provide prompt service, and the flexibility and ability to customize the service to customer needs;

- Assurance – the knowledge and courtesy of employees and their ability to convey trust and confidence;

- Empathy – the ability to provide the customer with caring, individualized attention.

SERVQUAL has been widely used in various disciplines including numerous studies in the hospitality and tourism industries (Fick and Richie, 1991; Luk, de Leon, Leong, 1993; Bojanic and Rosen, 1994; Ryan and Cliff, 1997; Zhang and Lam, 1999) and has received considerable recognition in service marketing. Some have found empirical support for the five dimensions (Parasuraman et al., 1988; Boulding, Kalra, Staelin, and Zeithaml, 1993), but some question the five service dimensions (Carmon, 1990; Williams, 1998).

When discussing the five dimensions, reliability has consistently been found to be the primary influence for the service outcome and is recognized as the most critical service quality among the five service dimensions (Parasuraman et al., 1988). Reliability represents the service outcomes and the core service attribute, which is the customers' primary concern and the other four dimensions represent the process of service delivery, which may be viewed as peripheral by consumers (see Walker and Baker, 2000). The dimension of assurance can be particularly important for services such as banking, insurance, and legal services, that involve high risk to customers where the feeling of trust and confidence are important in order to strengthen further their relationship with the firm. However, several researchers have concluded that the dimensions of assurance, reliability and tangibles are the most important expectations of customers in the hospitality industries (Saleh and Ryan, 1991; Fick and Richie, 1991; Bojanic and Rosen, 1994). Gabbie and O'Neill (1997), in their research in the

hotel sector, reported that the dimensions of reliability and assurance received the highest expectation of consumers while the dimensions of tangibility and empathy were lowest in their rankings.

In fact, not all the dimensions will be used to determine service quality perception (Zeithaml and Bitner, 2003). For example, in a phone encounter, tangibility is not likely to be applicable; in a remote encounter, empathy is unlikely to be relevant and it is less applicable for the large firm. Service industries tend to emphasize tangibles as strategies in their establishments to enhance their image (Zeithaml and Bitner, 2003). Further, the relative importance of each service quality dimension in contributing to overall quality of a service may differ prior to and after service delivery. Fick and Ritchie (1991) tested the SERVQUAL instrument in four tourism service sectors: airline, hotel, restaurant, and skiing and found that the scale did not appear to be entirely valid for all tourism service sectors and the number of dimensions in the present version of the SERVQUAL scale seems too limiting. Getty and Thompson (1994) investigated the validity of the SERVQUAL dimensions in hotels and indicated that some of the dimensions could not be replicated. Saleh and Ryan (1991) found a similar conclusion. Meanwhile, evaluation of service quality is not entirely dependent on the outcome of a service, but also on the process of service delivery. In addition, cultural differences will also have an effect on the relative importance placed on the five dimensions (Parasuraman et al, 1988).

SERVQUAL conceptually defines service quality as the degree and direction of discrepancy between consumers' perceptions and expectations (Teas, 1993). A measure of service quality is obtained for each attribute by deducting the expectation from the perception of performance for that attribute (Parasuraman et al., 1988). It measures service quality using a Likert-type response format by computing the differences between consumers' desired expectations and their perceptions of performance from a service provider. Although the service quality gap framework offers a significant contribution, the measurement of the 'perceptions minus expectation' for perceived service quality is questionable.

In reviewing the criticisms of this instrument (see Reisinger and Turner, 2003), they include (1) the inability of expectations to remain constant over time (Carman, 1990)[2]; (2) the potential inappropriateness of the five dimensions of choice criteria used by SERVQUAL (Carman, 1990; Cronin and Taylor, 1992); (3) the use of difference scores (Lam, 1997; Williams, 1998; O'Neill and Palmer, 2001); (4) negatively worded statement sets (Carman, 1990; Fick and Ritchie, 1991). Other criticisms are related to the generic nature of the instrument. Carman (1990) recommended that expectations could not be measured when consumers do not have well formed expectations.

Although the model has received much attention and many researchers have used SERVQUAL to measure service quality, it has its limitations (Carman, 1990). Some researchers suggest that the survey instrument needs to be customised for use in each specific industry (Parasuraman et al., 1988; Carman, 1990; Fick and Ritchie, 1991; Brown, Churchill, and Peter, 1993). Luk et al. (1993) modify the SERVQUAL scale to include the distinctive components of an organized tour service in evaluating tourists' expectations of organized tour service quality. Ryan and Cliff (1997) suggest that the five-dimensions cannot be replicated to measure travel agencies' quality.

Apparently, examinations of the service quality dimensions of SERVQUAL have produced mixed results across the service industry and a modified SERVQUAL scale seems necessary in order to maintain its validity and reliability in measuring a specific service; for example, DINESERV for restaurant (Stevens, Knutson and Patton, 1995), LODGSERV for lodging industry, and SERVPERF.

SERVQUAL's five dimensions does not capture the distinctive experience of the hotel and dining industry since it was developed as a generic measurement for service quality in various industries. However, based on the dimensions of SERVQUAL, Knutson, Stevens, Wullaert, Patton and Yokoyoma (1990) developed LODGSERV as an instrument specifically for the lodging industry. LODGSERV is a 26-item index designed to measure hotel customer expectations of service quality. However, it was not very popular and has been used only in a limited number of studies.

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[2] For more information, see the criticism on the basis of expectation in Section 3.2.2.1

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SERVPERF

SERVPERF is different from most service quality measurement instruments, which are based on a comparison of experiences and expectations. SERVPERF, a measurement instrument of service quality using only performance perceptions on various service attributes, was suggested by Cronin and Taylor (1994). This model investigates the relationship between service quality, consumer satisfaction and repeat purchase.

Based on a multi-industry sample of consumer data, four competing models nested within SERVQUAL were assessed. Cronin and Taylor (1994) claim that using the 'perceptions-minus-expectations' framework does not provide a clear picture of whether the satisfaction and quality measures are of an encounter-specific or global nature. Instead, the unweighted performance-only measurement instrument consistently outperforms any of the competing models in service environments. Liljander (1995) considers that making no comparisons at all seems to be a good approach to measure perceived service quality; by measuring experience only, over a set of proper attributes, can also arrive at a good estimate of the perceived quality. Grönroos (2000) considers that only measuring how customers experience the service on scales that measure these attributes is much easier to administer and the data are easier to analyze. The direct collection of data provides a great insight into information as to why service provided by the travel agency/tour leader is failure

The performance-based model hypothesizes that it is consumer satisfaction, not service quality, that influences purchase intentions. It is important for management to know whether what consumers actually purchase from firms is based on the highest level of perceived service quality or because they are highly satisfied (Cronin and Taylor, 1992).

3.4 Culture perspective

3.4.1 Cultural differences

In order to understand tourist behaviour, researchers have used a wide variety of methods to analyse and describe tourists, demographically, psychologically, and sociologically in many contexts (see Chiang, Hsieh, Bahniuk and Liu, 1997; Heung Chu, 2000; Mattila, 2000; Quiroga, 1990). The influence of culture on travel behaviour has also been recognised in many studies. There is little doubt that it is one of many factors influencing consumer decision-making and the perception of service quality. Culture symbolizes patterns of behaviour associated with a particular group of people (Barnlund and Araki, 1985). Culture is a symbol of value, belief, and norm that is used collectively to distinguish one group of people from another (Pizam, Pine, Mok and Shin, 1997). It represents both the similarities and the differences of a group of people in values, rules of social behaviour, perceptions, and social interaction (Reisinger and Turner, 2002). Reisinger and Turner (2002) believe that markets cannot rely on perceptions of service alone to generate tourist satisfaction; specific cultural values and rules of social behaviour also need to be considered.

Customers' cultural values and their preferences and expectations in international tourism have a significant impact on the tourist-host encounter (Robinson, 1999) as well as on consumption, rule-related service perception and satisfaction. Different cultures signify different mental statements which govern activities, motivation and values (Hofstede, 1980). In the study of international differences in work-related values, Hofstede identified four dimensions of cross-national cultural differences:

1. Power Distance – unequal distribution of power among people
2. Individualism vs Collectivism – the concept of "I" or "we"
3. Masculinity vs Femininity – levels of dominant value in society, assertiveness versus harmony
4. Uncertainty Avoidance – the extent to which risk taking and tolerance of uncertainty is acceptable, looking for security in contrast to adventure

Hofstede used these dimensions to identify Asian as well as Western travellers' characteristics and noted various differences. Power distance is defined as the level of fear that employees feel if a boss is autocratic or paternalistic. Hofstede indicates that Asian countries demonstrate high power distance values. In contrast, USA and Great Britain demonstrate low distance values. In a collectivist society such as a Chinese

organization, people are group oriented and concerned about the welfare of the group (Adler, 1991). Naturally, the harmony, unity, and loyalty of the group are emphasized in a group-oriented society. In a study of relationship marketing in the hospitality industry, Ambler (1995) observed that Chinese managers' approach to business depends on a long-term, valuable relationship, while Western managers depend on a legal contract. The finding matched one of Trompenaars's (1997) dimensions of how human beings relate to other people: Universalism versus Particularism (rules versus relationships) and coordinated with Hofstede's (1991) masculinity versus femininity dimension.

Hofstede (1991) indicates that certain cultures are more masculine than others and individuals from that society tend to demonstrate assertive behaviour and have less concern for other people's feelings. In contrast, some are more feminine and people from those societies reveal modest behaviour and have sympathy for others. Based on this conceptual framework, Crotts and Erdmann (2000), studying whether national cultural differences influence consumers' evaluation of travel services, revealed that people from highly masculine societies report dissatisfaction more often than do those from less masculine societies. They suggested that service suppliers who service customers from countries where modest behaviour is encouraged should expect to receive a higher than average satisfaction measure in comparison with customers who are from masculine societies.

In an internationalised tourism market, a better understanding of the value concept and consumption behaviour of cultural groups will be beneficial to tourism providers. There appears to be little research into understanding how tourists from different countries evaluate the service encounter (Winsted, 1997) and how they evaluate the service performance on package tours. Mattila (2000) implied that cultural diversities and norms inexorably come into play when a customer assesses a service encounter. This will pose more challenges for the tour leaders' job performance, as well as the tourists' satisfaction, when multicultural groups are mixed in a group tour. This study focuses on Taiwanese outbound travel in which travellers have frequent contact with the local service providers. Understanding cultural differences will make it easier for the service providers to develop authentic interactions with Taiwanese travellers during service encounters.

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3.4.2 Chinese cultural values

Currently, the international tourism industry is faced with an increasing number of Asian travellers, particularly tourists from Chinese-related ethnic groups. The cultural differences between international tourists and service providers may affect satisfaction with each other. It is imperative for Western providers to understand Eastern culture in order to facilitate better service. In studying cultural differences between Asian tourists, Reisinger and Turner (2002) found several factors distinguishing Asians as a distinct group. They reveal that Asian people tend to communicate in an indirect, implicit way; are very much family oriented; have a high power distance culture; emphasize group interests and needs; tend to form superior-subordinate hierarchical relationships; comply with formal rules of social behaviour and keep their emotions under control, being self-restrained and reserved.

Chinese culture has long been a dominant influence in Asian countries. The growth of the Asian tourism market has stimulated a need for service companies who understand Chinese cultural values. Many studies have focused on the aspects of Chinese consumer behaviour in Hong Kong, China, Singapore, and Taiwan. Interpersonal relationships and social orientations have traditionally created and formed Chinese cultural values (Yau, 1994).

Chinese culture (see Figure 3.3) has its similarities to and differences from other Asian cultures. Chinese people are sensitive to Mien-tsu (face) and heavily concerned with Jen-chin (human obligation) in their interpersonal relationships. The ideal of group harmony and the concept of "face" are central objectives of Chinese philosophy (Bond, 1986; Moise, 1995). The concept of "saving face" (uncertainty avoidance) refers to using respectful language, being polite, avoiding criticism, avoiding confrontation with others in public places, and not damaging one's own or others' reputation (DeMente, 1991). The long-term Kuan-hsi relationship (personal relationship) has been developed by transactional behaviour in Chinese society for centuries (King, 1996). Family and kinship relations are regarded as important cultural values in Chinese society (Hsu, 1972) which is in contrast to Western societies where people feel that they have the competence to assert some control over

their own lives (Rotter, 1966). Chinese are socially and psychologically dependent on others (Hsu, 1953) which is different from Western people who are more individualistic and are concerned about the individual's needs and well-being (Hsu, 1971). However, there has been a change in Chinese values and this change is probably a result of the influence of Western culture during the past few decades (Yau, 1994). The change from traditional Chinese values has influenced young Chinese, for example they are much more independent and individual oriented, but this may not be applied to the older generation.

Figure 3.3 Chinese Cultural Values
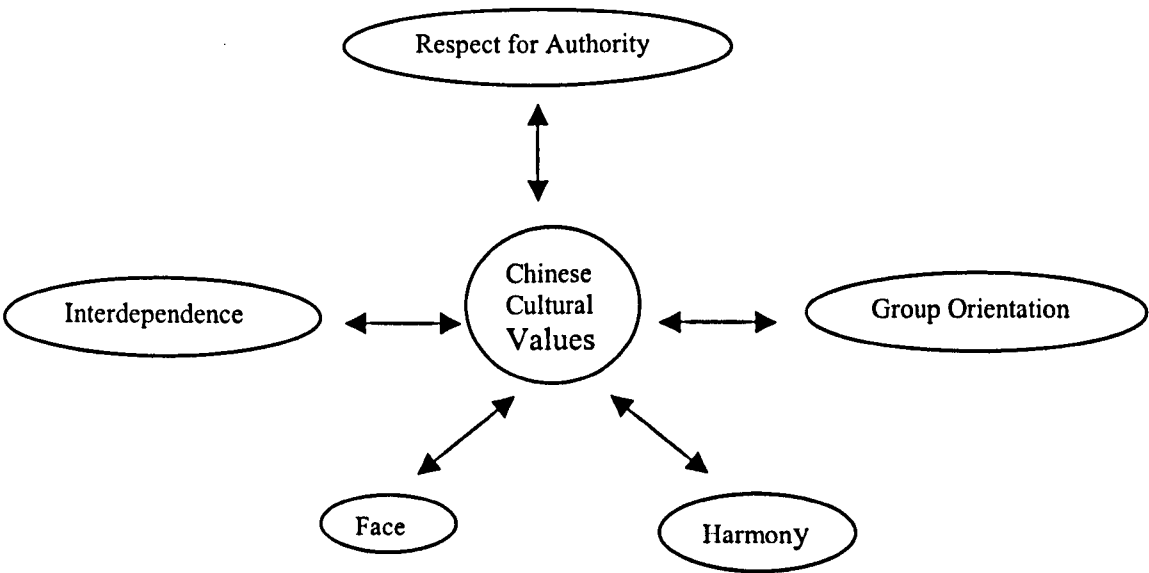
Source: Adapted from Yau (1994)

In a study of customers' attitudes toward the service component in hotel brand identity, Schmitt and Pan (1994) indicated that to the Asian consumer, the crucial component of good service appears to be personal attention or customisation rather than efficiency and time saving, which are important to the Western consumer. Overwhelmingly, this service concept is a fundamental element of overall quality to the Asian consumer; service styles in Asia are consequently more people-oriented (Riddle, 1992). Furthermore, based on cultural norms, Asian travellers tend to have higher expectations of the interaction quality in a service encounter. Conversely, Western travellers prefer to emphasise the outcome rather than the process component of the service delivery. In a comparison of levels of satisfaction, Schutte and Ciarlante

(1998) claimed that Asian consumers tend to express dissatisfaction with products and service less frequently than Western consumers do. Based on Crotts and Erdmann' (2000) study, they considered that the Taiwanese are from a low-masculinity culture in which people tend to endure the shortcomings of others.

A comprehensive understanding of cultural diversity is a valuable resource in conducting an international tour. Some tourists seek to look at different ways of life as signifiers through a wide variety of cultural contact (Robinson, 1999). Experience itself is culturally conditioned; tourist experiences of cultural differences draw us to deeper motivations as to why experience of differences is sought (Robinson, 1999). From a cultural perspective, examining the differences in travellers' perceptions could help in creating different marketing themes for different market segments (Mok, Armstrong and Go, 1995). Cultural tourism has increasingly become a mainstream tourist activity. Therefore, it is beneficial for a company which engages in international business to understand travellers in terms of their cultural background and perceived values.

3.5 Selection of travel agencies

Details of the various types of travel agencies in Taiwan are discussed in Chapter 2, Section 2.4, 2.5 and 2.6. This section discusses what customers consider important in terms of selecting a travel agencies/tourism product? The discussion of product and service performance are included.

Customers buy the benefits of goods, services, information, personal attention, and other components. The selection of a travel agency depends on a number of features offered by travel agencies. Grönroos (2000) proposes four characteristics of strategic perspectives which serve as a value-generating process. The four strategic perspectives, which have an impact on the customer's decision-making, are:

- Core product perspective
- Service perspective
- Image perspective

- Price perspective

It is arguable whether or not the selection of a travel agency is influenced by the choice of destination. In certain areas such as Taiwan, the selection of a travel agency may not be based entirely on the choice of destination but on the customer's relationship with the travel agency. On the other hand, the choice of destination will influence the selection of a travel agency when a traveller receives information from the media. Mansfield (1992) emphasized that the choice of destination is influenced by 'availability of free time', 'disposable money and paid holidays', 'accessibility of transport systems', 'family obligations', 'workplace obligations', 'values', and 'norms of tourism behaviour prevailing among one's reference group'. Therefore, it may be that the price of a product to a specific destination, and the availability of free time are the prime motivators in a traveller's decision to select a specific travel agency.

Travel agencies are not only facilitators for travellers and travel service suppliers but are also important in contributing to a destination's tourism development. Owing to the service-intensive nature of travel agencies, Hruschka and Mazanec (1990) stated that when differentiating an agency from its competitors, the quality of counselling in the service encounter is an important factor to consider in the choice of a travel agency. For package travellers, the holiday provides a change, relaxation, both physically and emotionally, and is regarded as beneficial (Jefferson and Lickorish, 1988). There is no tangible return on buying a holiday product, only some vague intangible satisfaction or pleasure from the process of buying a holiday. Foster (1985) indicates that consumers are more cautious in buying an illusion and feel bitter if service providers shatter their illusion.

No matter how well a package tour has been assembled, if it does not meet the customer's needs, the product may be considered a failure. Many factors determine a customer's decision in selecting travel agencies and many things need to be considered in formulating tourist products. These include the arrangement of attractions, support facilities and service of service suppliers, and the attitudes and behaviour of customers. Kotler (2001) developed a model to explain the customer buying process. The model starts with problem recognition, information search, evaluation of alternatives (purchase decision), post-purchase evaluation, and ends

with future re-purchase. Problem recognition is concerned with a person's needs and wants which is also influenced by pull factors. Information research is concerned with the advertisement of travel suppliers and with friends and relatives' recommendations. Evaluation of alternatives is related to travel agencies' image, word-of-mouth communication, and the price and quality of products/itineraries. Post-purchase evaluation is concerned with the performance of service providers in comparison with travellers' needs and wants. Future purchase is associated with the relationship between travellers and service providers and the traveller's concept of values.

A purchase decision very much depends on the source of information and the evaluation of alternatives. In general, travellers collect information dependent on either primary or secondary sources. Purchasing a holiday product involves buying intangible goods, purchasers are heavily dependent on secondary sources of information and much evidence suggests that a significant source is the social environment - such as advice from friends, relatives, and reference groups (Mill and Morrison, 1998).

Supposedly, the product itself affects customers' decisions in selecting a travel agency. Grönroos (2000) considered that in a strong competitive market, companies are required to develop a better core product for a service-based competitive advantage. The evaluation of alternatives is very much dependent on individual needs and the attributes of the product. The features of a product are related to the distinguishing features of a destination. Foster (1985) stated that for people who are interested in other cultures or customs, the availability of cultural events would determine the destination selection. Quiroga (1990) suggested that the itinerary, price, recommendations of friends, and the convenience of the departure date were crucial reasons for choosing a type of package tour. Duke and Persia (1993) stated that when joining a tour, travellers expect to see as much as possible and to experience new and different life-styles.

Apart from the choice of the tour product, travel agents' expertise and in-depth knowledge of products and travel destinations were considered the most important reason for choosing a travel agency (Touche Ross & Company, 1975; Bitner and Booms, 1982; Bellur, McNamara and Prokop, 1988). Service quality and perceived

interaction during the service encounter is also a determinant in the selection of a travel agency (Solomon, Surprenant, Czepiel and Gutman, 1985; LeBlanc, 1992). Meidan (1979) considers that service quality and respect for customers' needs are important factors that affect customers' travel agency selection. Leblanc (1992) confirmed that the corporate image of a travel agency appears to be the most critical factor affecting a traveller's evaluation of the travel agency's service quality. In addition, the factors of 'competitiveness', 'courtesy', 'responsiveness', 'accessibility', and 'competence' are also significant. Leblanc suggested that contact personnel should be involved in quality standards and view themselves as valued members of the travel agency. In studying the choice of a travel agency by Hong Kong consumers for all-inclusive package tours, Heung and Chu (2000) conclude that 'agency reputation', 'word-of-mouth', 'attitude of staff', 'value for money of the tour', and 'staff past experience' were perceived as the five most important attributes in selecting a travel agency.

To facilitate the matching of experienced quality with expected quality, Grönroos (1978) introduced a service quality model. The model emphasizes that physical image plays an important part in both expected and experienced quality. Kendall and Booms (1989) in studying consumer perceptions of travel agencies indicated that physical needs such as: opening hours, convenient location, delivery of tickets, decor in office - and information expectations such as: information regarding restaurants, hotels and local attractions are also significant. They considered that information expectations of consumers were rated as more important than physical needs with respect to travel agency facilities. However, the emphasis of their study was on free independent travellers, for package tour travellers physical and information needs will still be significant but the results might be different. In short, they found that the location of a travel agency is the most important factor for T/A user groups who prefer to visit rather than phone the travel agency. Meidan (1979) indicated that convenience of access to the travel agency is much more important for older travellers.

A consumer's demographic background also influences the selection of a travel agency. Meidan (1979), in the comparison of two groups of respondents for a foreign package tour, found that the younger group (younger than 45) considered that the agency's communication ability (including advertising and sales promotion) was the

most important, while the older group (over 45) considered that in-flight and hotel service quality were the most important determinant factors in influencing the selection of a travel agency. The price of the package tour was found not to be an influential factor in travel agency selection for both groups which was contrary to past studies where price was ranked as of overriding importance. People with higher incomes and education levels tend to spend more time searching for products and related information (Runyon and Stewart, 1987). People with lower education levels tend to rely more on the media than those with higher education levels when selecting a travel agency (Andereck and Caldwell, 1993).

Apparently, travel agency selection depends on a great number of variables, and each variable has its different level of influence based on the characteristics of each specific group. Apart from customers' demographic and socio-economic background, and travel behaviour, the travel agency itself is also an important factor which affects customers' selection. In a study of repeat purchases in the tourism industry, Linick (1985) indicated that 68% of the respondents had switched travel agencies. They indicated that the reason they switched to other agencies was not because of any travel problems, but because their previous travel agencies had allowed them to slip away.

Repeat Purchase

Companies aim to satisfy customers in order to generate repeat business. Repeat purchases keep marketing expenditure down (Swarbrooke and Horner, 1999) and increase market share (Barsky and Labagh, 1992). Follow-up contact with customers and obtaining customers' feedback on the product is valuable since it provides information for improving the service in the future and it is a way to build a long-term relationship with each customer (Jung, 1993). In fact, customer loyalty is based on a mutually beneficial relationship between the company and its customers and it is achieved when customers perceive that they are treated with respect (McGarry, 1995). Many variables impact on attracting customers for return business, however most companies recognize that the strategy of keeping customers satisfied is a vital factor in retaining existing customers. However, satisfying customers alone is not enough since there is no guarantee that a satisfied customer will return for his next purchase. In contrast, focusing on customer loyalty is significantly more important

(Kandampully and Suhartanto, 2000). Therefore developing long-term relationships or retaining customer loyalty is the key issue for survival (see Duffy, 1998).

From the point of view of tourists' consumption behaviour, repeat purchase is often used as an indicator of tourist loyalty, although repeat purchase behaviour might not truly reflect a tourist's loyalty to a touristic product or brand (Chen and Gursoy, 2001). Kandampully and Suhartanto (2000) warn hospitality managers that it is important to understand that customer loyalty is time specific and non-permanent and requires continuous and consistent investment. Customers may be loyal owing to the difficulties of switching opportunities or to a lack of real alternatives. Customers who do not repeat purchase from a brand do not necessarily say that they are not loyal to that company. Chen and Gursoy (2001) claim that customers, who are unlikely to purchase a company's product repeatedly, can still be willing to recommend the product to other tourists; and this form of consumption behaviour can be considered as product loyalty.

Several attributes make customers return for business. Customers weigh attributes differently and one may have more influence than another. Pritchard and Howard (1997) reveal that customer satisfaction and product image are the most important factors influencing a customer's loyalty to a brand and product. Conversely, the study by Andreassen and Lindestad (1998) indicates that corporate image and customer satisfaction are not two separate routes to customer loyalty, but that corporate image rather than customer satisfaction is the better predictor of customer loyalty.

Several elements were identified as potential determinants of customer loyalty to service providers (see Andreassen and Lindestad, 1998; Kandampully and Suhartanto, 2000; Ranaweera and Neely, 2003). In an examination of the determinants of entertainment vacationers' intentions to revisit, Petrick, Morais and Norman (2001) conclude that satisfaction, perceived value, and customers' past behaviour have been shown to be related to consumers' repeat usage. Lee and Cunningham (2001) include several studies and conclude that apart from the actual performance received, service loyalty is dependant on three costs, namely: 1) economic costs which include service costs and service time, 2) transaction costs which include the costs of the difficulty of assessing service performance and the service provider's specific knowledge, 3)

switching costs which include information costs, substitutability, and geographic proximity. They eventually suggest that, in addition to service quality perception, transaction and switching cost factors have a significant impact on service loyalty.

3.6 Customer satisfaction attributes in tourism

The major benefit sought from achieving customer satisfaction is to improve profitability by improving product/company's reputation, favourable word-of-mouth publicity, earning customer loyalty, and expanding market share (Barsky and Labagh, 1992). Customer loyalty to a firm is recognised as the dominant factor in business success (Kandampully and Suhartanto, 2000). Swarbrooke and Horner. (1999) state that customer satisfaction is important for three main reasons: 1) it brings new customers through word-of–mouth recommendation; 2) it creates repeat customers and keeps marketing expenditure down, 3) it avoids the expense of dealing with complaints. Naumann (1995) (cited in Pizam and Ellis, 1999) stated that many studies found that in order to attract a new customer, it costs five times as much in time and money as it does to retain an existing customer. The best way to satisfy customers is to ensure you fulfil your commitments and make sure their expectations are exceeded. Customer satisfaction can be assessed from different angles. Knutson (1988) reveals that sometimes the small details are crucial in establishing first impressions. Kirwin (1992) suggests five directions to satisfy hotel guests and considers that service personnel capability is important and employees' empowerment should be considered. Barsky and Labagh (1992) measured hotel guest satisfaction and found that 'employee attitude' received the highest scores.

Swan and Combs (1976) consider that customer satisfaction involves two dimensions – the instrumental and the expressive performance. The instrumental performance is associated with the physical performance of the product and the expressive performance relates to the psychological response to this physical performance. The expressive performance can be related to the buyer-seller interactions. Similarly, Nicholls et al. (1999) consider that customers can be satisfied with two settings: satisfaction with the personal service (SatPers) and satisfaction with the service setting (SatSet). SatPers is about customers' reaction to the service they have received from contact personnel. SatSet is concerned with customers' perception of the

physical setting which the service suppliers have offered. The two settings are similar to the function of satisfaction proposed by Czepiel et al. (1985) who consider that customer satisfaction is affected by two independent elements: the functional element, such as the consumable product itself and the performance-delivery element, such as convenience, security, credit, speed, simplicity, collection procedure, and automation (Lovelock, 2001). Finally, another service evaluation is proposed by Gabbott and Hogg (1998), who consider that there are two elements which affect customer satisfaction – core dimension and peripheral dimension. This model shows explicitly how the elements affect the level of customer satisfaction. Core dimension pertains to the natural characteristics of a product and the peripheral dimension is referred to as part of the enhancement of the core dimension. Both of them have different levels of influence on consumer perception (see Figure 3.4). Perceptions of service are not limited to being either satisfied or dissatisfied; one may also be extremely dissatisfied or neutral. They suggest that service providers should understand what are the attributes of the peripheral dimension in order to enhance their customers' satisfaction and prevent them from being dissatisfied.

Figure 3.4 The Impact of Product Dimension upon Evaluation

	Core Dimension	Peripheral Dimension
Positive Evaluation	Neutral	Satisfaction
Negative Evaluation	Extreme Dissatisfaction	Dissatisfaction

Source: Adapted from Gabbott and Hogg (1998)

It appears that the features of the destination and the needs of travellers have the greatest impact on the level of their satisfaction (see Table 3.2). A number of research papers concerning tourist satisfaction in market practices have been conducted and most of them have focused on tourism destinations (see Table 3.2); but apparently a standardized set of models is hard to find due to the vast field of tourism and the different purposes of research.

Table 3.2 Dimension of Satisfaction

Authors	Purpose	Factors of Satisfaction
Pizam, Neumann and Reichel, 1978	Vacation Satisfaction	8 factors: Beach opportunities, Cost, Hospitality, Eating and Drinking facilities, Accommodation facilities, Environment, and Extent of commercialization.
Pearce, 1980	Leisure Satisfaction	9 factors: Achievement, Relaxation, Intimacy, Time filling, Power, Sociability, Intellectual, Transcendence, and Constructiveness.
Beard and Ragheb, 1980	Leisure Satisfaction	6 factors: Psychological, Education, Social, Relaxation, Physiological, and Aesthetic
Lounsbury and Hoopes, 1985	Vacation Satisfaction	5 factors: Relaxation and Leisure, Natural environment, Escape, Marriage and Family, and Food and Lodging.
Persia and Gitelson, 1993	Leisure Satisfaction	5 factors: Information search, Technical booking skill, Physical quality, Corporate quality, and Interactive quality
Duke and Persia, 1996	Vacation Satisfaction	5 factors: Itinerary, Social and Safety, Education and Adventure, Planned group activities, and the Unique nature of tours.

The range of service in a travel product is very complicated. Evaluating tourist satisfaction seems more complex than with other service products. Pizam et al. (1978) consider that tourist satisfaction in vacation experiences involves much wider variables than simply travelling to a destination. Many uncontrollable factors need to be taken into account such as: weather, strikes, hygiene, crime, and the behaviour of other tourists (Swarbrooke and Horner, 1999). Customer satisfaction in the consumption period is not only measured by each individual service encounter, but is also measured by the accumulation of satisfaction from many interrelated components. Dissatisfaction with one critical incident might lead to further dissatisfaction or dissatisfaction with the entire travel product. Francken and Van Raaij (1981) consider that tourists' dis/satisfaction involves both internal attributions (beliefs, culture, value, experience) and external attributions (weather, product, service providers) and tourists tend to be dissatisfied more with external factors rather than internal factors. Many internal factors affect one's perception of satisfaction. In addition, a travel product involves many different interdependent parts; physical and social environment are two crucial encounters during the tourist service delivery (Haber and Lerner, 1999). Good service can satisfy one person but might not necessarily satisfy another. Augustyn (1997) identifies two gaps which exist in the travel product: the delivery gap and the quality perception gap. Pizam, et al. (1978) considered that the expressive dimension of performance or the core dimension of a

product is much more important than the instrumental dimension in a tourism product. However, Gabbot and Hogg (1998), although emphasizing that the expressive dimension of performance will lead customers to satisfaction, also indicates to the contrary that ignoring the quality of the product itself might lead customers to extreme dissatisfaction.

In sum, customers' psychological responses to the core dimension (the product itself and the performance of personnel), and the peripheral dimension such as, the attributes of the destination, and social contact with other tour members should be taken into account. Apart from these dimensions, many other factors may also have an impact on the level of customer satisfaction, particularly uncontrollable/unforeseeable factors.

Photographs as documentation and shopping

Tourist value is associated with the holiday experience at a destination (Weiermair, 2000). Many researchers believe that people change their behaviour during a vacation. Carr (2002) considered that personal motivations for taking a vacation and tourist culture have an impact on tourist behaviour. tourists become more liberated and less restrained than when staying at home (Laing, 1987; Shields, 1990; Leontido, 1994). Eiser and Ford (1995) state that tourists tend to see themselves as a different kind of person and less constrained by interpersonal obligations. This behaviour may be influenced by the tourism atmosphere (Leontido, 1994) or the money available to spend (Mathieson and Wall, 1982). Shields (1990) suggests that tourists may be more hedonistic when they are engaging in pleasure-oriented activities and considers that the tourist culture is responsible for the hedonistic behaviour. It is believed that personal characteristics in terms of norms and values also play an important part in influencing this kind of behaviour (Valentine, Skelton and Chambers, 1998). In addition, tourist behaviour on tour will inevitably be influenced by their previous experiences and preferences such as taking photographs and purchase intentions.

Tourists are certainly interested in many activities when they travel abroad. However, taking photographs and shopping seem to be the most common activities for tourists

in general. Taiwanese travellers are particularly fond of these two activities. In fact both activities have an influence on their satisfaction with their vacation.

Taking photographs is one of the most common things tourists do when travelling. Suvantola, (2002) states that travel photographs serve several functions: documentation, narratives, and interaction with others. Photographing certain attractions proves that they have been there. After the trip these documentations give the impression that something has been accomplished. It has the purpose of acquiring prestige, proving contact with others, and sharing the experience with friends or relatives. Photographs narrate two themes: interpreting the perspective and situation of the photographer and describing the story of the trip. Finally, taking pictures serves as a convenient alternative to engaging in activities which establish a rapport with other group members (Bruner and Kirshenblatt-Gimblett, 1994).

Shopping is a common and pleasurable activity for tourists during overseas travel. Tourists often spend more money on shopping than other pursuits (Timothy and Butler, 1995). The Travel Industry Association of America (1998) reports that in 1997, shopping was the second most important activity for US Tourists. Although many researchers have studied travellers' expenditure patterns, little is known about their purchase intentions in shopping or their gift-giving motives (Kim and Littrell, 2001).

In addition to purchasing souvenirs or gifts for family and friends during their travels, tourists frequently buy gifts for their own personal use. National cultural value and tourist characteristics might have an impact on shopping intentions. For example, women give more gifts than they receive, and they devote more attention to shopping than do men (Areni, Kiecher and Palan, 1998). People who live in a gift exchange culture tend to shop more than people in other cultures. For example the Japanese feel a cultural obligation to take home appropriate gifts for families, relatives, and friends from an overseas trip (Reisinger and Waryszak, 1994). Rucker, Kaiser, Barry, Brummett, Freeman and Peters (1986) reveal that tourists actually spend more in gifts for others than for themselves. Understanding of gift-giving versus self-directed purchasing intentions may help tourism retailers in developing promotional strategies as well as providing insights into the motivations of purchasers. Several research

papers have addressed purchase motivations. Sherry (1983) notes that gift-giving involves two aspects: either altruistic or egoistic. In fact, buying gifts can be both altruistic and egoistic; it depends on certain circumstances, such as grandparents buying gifts for grandchildren. Belk and Coon (1993) consider that gift-giving is an expression of unselfishness and love. In contrast, Goodwin, Smith and Spiggle (1990) consider that gift-giving can be either obligatory or voluntary.

Taiwanese travellers are well known as high spenders and have contributed considerably to many destinations' economy (Kwong, 1997). Law and Au. (2001) in a study of the Hong Kong tourism market, indicate that shopping is Taiwanese travellers' favourite activity and Taiwanese visitors have spent large amounts on shopping, contributing significantly to the growth of Hong Kong's business and economy. On average, Taiwanese visitors spend over 62% of their expenditure on shopping during their trips to Hong Kong, while the average of all other countries' visitors is about 50%.

3.7 Conceptual framework of customer satisfaction in the package tour

The findings from the literature suggest a variety of explanations of tourists' dis/satisfaction. These outcomes are combined in Figure 3.5. The framework shows satisfaction components as well as their relationships toward customers' satisfaction of the package tour. It hypothesizes that these components lead to customer satisfaction which in turn lays the foundation for a company's repeat business. Different authors may address their focuses differently based on their particular interests in regard to satisfaction components. A few researchers (Bearden and Teel, 1983; Cadotte, Woodruff and Jenkins, 1987; Bowen, 1998; Zeithaml and Bitner, 2003) and in particular Decrop (2001) have developed frameworks which bring together a wide range of variables identified in most of the existent literature. From these a conceptual framework of tourist satisfaction has been drawn (Figure 3.5).

Figure 3.5 suggests a synthesis of thought with regard to components of customer dis/satisfaction in the package tour. When identifying the antecedents of dis/satisfaction judgments, several elements emerge from the model. First, a number of customer satisfaction components – expectation (previous experience, price,

sources of information and communication), service performance (including travel agencies, tour leaders, and customers themselves), and other variables (product attributes, destination attributes, cultural values, emotion, equity, and attribution) - are identified in the package tour. These components may act independently or interactively. Some may have a direct impact on customer satisfaction, others may influence indirectly. Some of the components may also be hidden or heightened dependent on a particular tourism situation.

Figure 3.5 Conceptual framework of customer satisfaction in the package tour
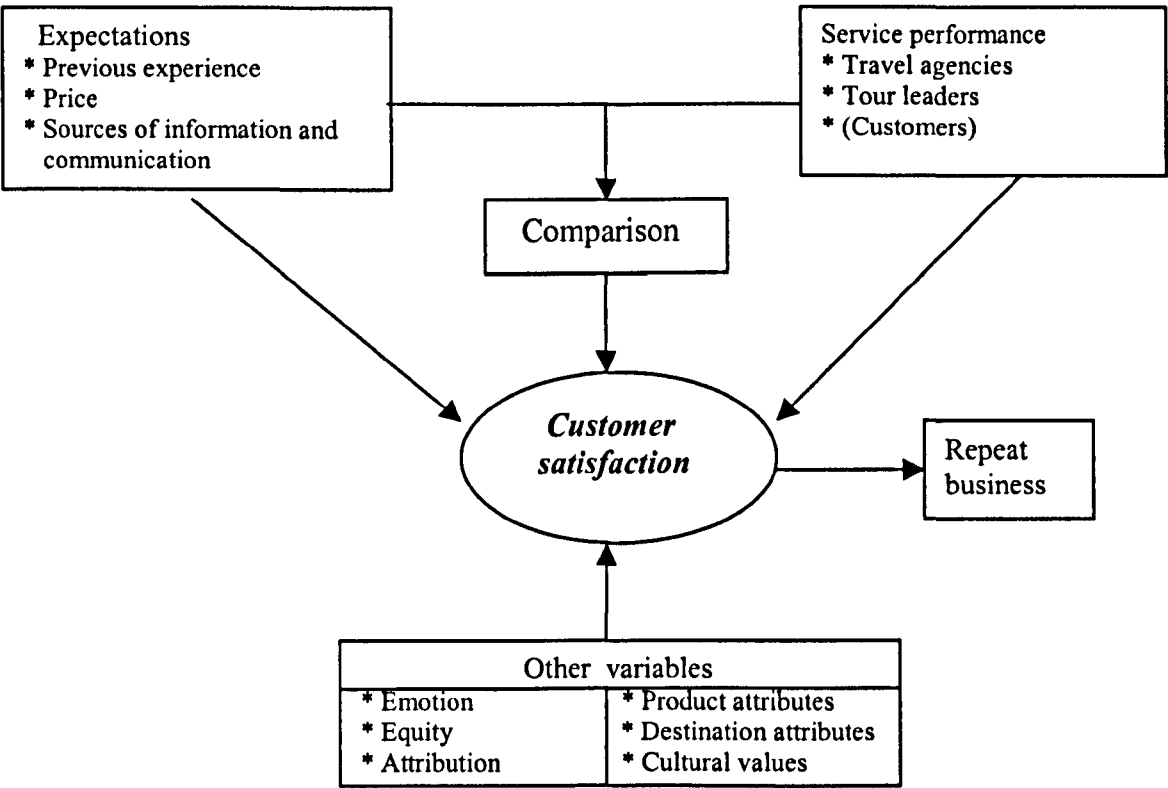
Second, this model proposes that there is a comparison process between expectations and perceived performance (actual product/service performances against performance norms) on specific attributes (Parasuraman et al., 1985). Performance norms are based on experience-based standards that are formed through product usage of the same or similar brand. Brand attitudes and brand image may also be involved with the comparison standard. In line with previous experience, several other expectation antecedents, for example price, source of information and communication also

emerge. These expectation antecedents may directly/indirectly influence customer satisfaction.

Third, customer satisfaction judgments based on the comparison process may not be a necessary condition. Performance (travel agencies and tour leaders) *only* including customers' consumption behaviour and their emotional responses may be sufficient to lead to dis/satisfaction judgments (Grönroos, 1984). Service performance is based on travel agencies (including front-line personnel and salespeople), tour leaders, and customers' performance during the period of pre-tour, on-tour, and post-tour service encounter.

Numerous studies have focused on tourist satisfaction in tourism destinations. The present study, on the other hand, concentrates on customer satisfaction in aspects of service performance by the tour operator and other service suppliers on a guided package tour. In guided tours, the travel agency (including service quality aspects and performance during pre-tour, on-tour, and post-tour), the tour leader (tour guide), and the tour participants are all actively taking part in shaping the quality of the tour and satisfaction on the tour. The success or failure of tours is not equally attributable to the different parties but nevertheless they all have a crucial role in affecting the outcome (Yang, 1994). In part the difference is the fact that both the travel agency and the tour leader play an independent role, whereas the tour participants usually play a dependent role.

Fourth, there is a close relationship between service quality and performance. Service quality may depend on customer expectations and performance of travel agencies and tour leaders. The perceptions of service quality from the customers' viewpoint also influence customer dis/satisfaction. Service quality acts as an evaluation that reflects the customer's perception of elements of service, such as performance quality, physical environment quality, interaction quality, and transactional quality (Zeithaml and Bitner, 2003). These elements are in turn evaluated, based on service quality dimensions described in the literature mentioned above. The dimensions of SERVQUAL will be particularly worthy of note in this respect.

Finally, several other variables need to be considered including product attributes (Grönroos, 2000), destination attributes (Uysal, Howard and Jamrozy, 1991; Oppermann and Chon, 1997; Hudson and Shephard, 1998), cultural values (Choi and Chu, 2000; Zeithaml and Bitner, 2003), emotional response (Woodruff, Miller, Armstrong and Peterson, 1990; Oliver, 1997), the perception of equity (Francken and Van Raaij, 1981), and the consequence of an attributional process (Folkes, 1988; Oliver, 1997). When applied to satisfaction antecedents in guided package tours, customers' perceptions of product attributes, destination attributes, and cultural values are specific in nature. In contrast, emotion, attribution, and equity are viewed in generic terms. In certain conditions, the tourists are dis/satisfied simply because of their own decisions and behaviour without any expectations being involved. This model also suggests that post consumption experience in relation to an attributional process, emotional responses, and the perception of equity should be added to the cognitive approach to customer dis/satisfaction in the guided package tour.

This research attempts to investigate service performance of travel agencies/tour leaders and customer dis/satisfaction based on pre-tour, on-tour, and post-tour service encounters. This conceptual framework suggests numerous determinants in satisfaction judgments, which may be useful in explaining tour participants' satisfaction in all aspects of package tours. In order to identify these selected or unspecified determinants, three different research methods - in-depth face-to-face interviews with managers from travel agencies, participant observation with a guided package tour, and post-tour telephone interviews with participants – were carried out.

3.8 Conclusion

In the travel industry, customer satisfaction is affected by core dimension and peripheral dimension. However, in order to satisfy travellers, merely focusing on the product itself and service delivery system are not enough; another significant factor which influences customer satisfaction is the customers themselves. Travellers' cultural values, behaviour, needs and wants should also be considered. In addition, perceived value for the price paid is also an important determinant of customer satisfaction and repurchase intentions.

Customer's travel needs and motives have a direct impact on customer satisfaction. Travel motives depend upon two dimensions: the supply side and the demand side. The supply side relates to the destination and to the intermediaries who help to promote the destination. These influences are referred to as 'pull' factors: the choice of destination. The demand side relates to travellers whose choice of destination is the result of underlying demographic, psychological, economic, social, and geographic characteristics. These influence one's travel decision and are referred to as 'push' factors – the desire to go on a vacation. Push and pull factors determine one's travel decision making. Although other motivation theories have their merits, Dann (1977) considers that this framework provides a simple and intuitive approach to explaining tourist behaviour in travel motivation. In short, many researchers believe that 'escape' or 'get away from home' motives play more of an important role and consider that travellers take vacations for multiple-motives. In addition, interaction among travellers is part of the tour experience. Van Raaij (1986) claims that people taking a vacation, particularly on group tours, may require social interaction. Providing a social function for tour participants seems inevitably to become part of the function of a travel product and may contribute to a more successful tour. In the end, Suvantola (2002:82) states "travel is a cyclical phenomenon in which we reach for change in the form of contact with others, and then return back home".

This chapter has discussed various variables related to customer satisfaction. Performance, expectation (including travel motivation, sources of information and communication, previous experience, perceived value and the price paid), equity, attribution, and emotion were identified as the theoretical antecedents of customer dis/satisfaction. In addition, several measuring/evaluating customer satisfaction theories were examined. Although expectancy disconfirmation theory was widely used, it has in fact received much theoretical and operational criticism. In contrast, it was concluded that the theory of 'performance *only*' was the best approach to gain insight into the information of customer satisfaction.

Many studies have shown that in the service industry, service quality can motivate the customer to buy or not to buy. Therefore constant appraisal of products and service delivery is needed to ensure that the service is right first time. After all, the cost of appraisal is much more economical than correcting service failure. Service quality

measurement instruments were discussed; among them SERVQUAL is the best known. Although the five-dimensions of SERVQUAL have received considerable recognition in measuring service quality, many researchers have suggested that the five-dimensions could not be appropriate to measure the tourism sector.

When discussing customer satisfaction as well as repeat business, the influence of culture should be recognized as a significant variable. Different ethnic groups pursue different aims and benefits when taking a vacation, for instance, shopping and photographing are considered favourite experiences for certain cultural groups. Therefore selling the benefits of a product to the right group is an important part of the sale. In addition, providing a suitable service delivery system and well-trained staff to minimize dysfunction and maximize an effective service transaction are also essential for the successful sale.

Customers' decision making may seem to be multifaceted, but it can be just simple and uncomplicated. Security and confidence prove to be important. Many factors have been identified as influencing customer perception in buying a travel product or selecting a travel agency. These determinants include the physical environment of the travel agency, the price and quality of the tour, the service attitude of front-line personnel, the image of the company, the availability of products, the distinctiveness of the advertising, and word-of mouth recommendations. These determinants have different levels of influence on purchasers; it depends on individual needs and wants. Customers should know that these elements might reinforce, or might contradict each another. In addition, travel involves time and disposable money: a long-distance travel product usually tends to involve several destinations or countries and is different from a short-distance travel product in terms of value for money and the customer's decision making. Besides, people who select a group tour may be slightly different from those who are independent travellers in their buying process and purchase considerations. With regard to purchasing food, price is identified as an important motivator which also relates to the level of satisfaction.

Chapter 4: Research Methodology

4.1 Introduction

This chapter will discuss the methodological approach used in this study. It begins with a discussion of the positivism and phenomenological research philosophies and the features and distinction between quantitative and qualitative research methods. The nature and focus of this exploratory study leads to the qualitative research approach. This is followed by a discussion of objectivity which is measured in terms of its reliability and validity since objectivity is the essential basis of all good research. This chapter then outlines the research approach chosen for this study as well as the rationale for the use of a qualitative approach. The research design of the study explains the research stages and the elements of the research strategy will be presented in the subsequent section. A conceptual framework is also provided to demonstrate data collection techniques. This is followed by a review of the three approaches to data collection used in this study: in-depth semi-structured interviews with tour operators; participant observation of tour participants; follow-up telephone interviews with those participants, as well as the collaborating travel agency's own research. It further describes how the primary data were analysed. Using computer databases for qualitative data analysis is next discussed. A computer software package – NUD*ist – is adopted for data analysis. Finally, the application of the data collected in connection with its reliability and validity will be discussed.

4.2 Research philosophy

Many researchers have discussed the applications and approaches of two major research philosophies – positivism and phenomenology. The positivist dichotomy is distinct from the phenomenological dichotomy. Research conducted within the positivist paradigm has dominated the social sciences. Within the positivist approach, the researcher sees people as phenomena to be studied from the outside, with behaviour to be explained on the basis of facts and observations gathered by the research, using theories and models developed by researchers (Veal, 1997). The positivist often uses quantitative research methods and the deductive approach to test pre-assumed research hypotheses (Wood, 1999). Positivist

research seeks to draw general conclusions about the phenomena being studied. Much research within this paradigm is pragmatic in purpose and instrumental in use (Rossman and Rallis, 1998).

In contrast, the phenomenological paradigm tries to understand the social world as it is from the perspective of individual experience. The focus of understanding the social world shifts from the positivist's focus on the objective observer to the essence of lived experience, from a subjective viewpoint (Rossman and Rallis, 1998). The purposes of phenomenological inquiry are description, interpretation, and critical self-reflection into the "world as world" (Van Manen, 1990). Phenomenologists often use qualitative research methods and an inductive approach to find solutions to problems (Veal, 1997).

Table 4.1 Key features of positivist and phenomenological paradigms

	Positivist paradigm	Phenomenological paradigm
Research should	- Focus on facts - Look for causality and fundamental laws - Reduce phenomena to simplest elements - Formulate hypotheses and then test them	- Focus on meanings - Try to understand what is happening - Look at the totality of each situation - Develop ideas through induction from data
Preferred methods	- Operationalising concepts so that they can measured	- Using multiple methods to establish different views of phenomena
Research design	- Large samples - Testing theories - Experimental design - Verification	- Small numbers - Generating theories - Fieldwork methods - Falsification
Validity	- Does an instrument measure what it is supposed to measure?	- Has the researcher gained full access to the knowledge and meanings of informants?
Reliability	- Will the measure yield the same results on different occasions (assuming no real change in what is to be measured)?	- Will similar observations be made by different researchers on different occasions?
Generalisability	- What is the probability that patterns observed in a sample will also be present in the wider population from which the sample is drawn?	- How likely is it that ideas and theories generated in one setting will also apply in other settings?

Source: Adapted from Easterby-Smith et al. (1991:27,33,41).

Within the aspect of the philosophical position, Easterby-Smith, Thorpe and Lowe (1991) examined the positivist and the phenomenological paradigm for methodological

implications. The main belief of positivism is that the social world exists externally and that research should focus on facts. The main belief of phenomenology is that the world is socially constructed and should focus on human meanings. The distinction between the two viewpoints is summarised in Table 4.1.

4.2.1 Distinctions between the two approaches

For many decades, there have been long debates and rivalry between the use of quantitative research methods and qualitative research methods in both natural and social science (see Easterby-Smith et al., 1991; Gill and Johnson, 1997; Saunders, Lewis and Thornhill, 2003) with regard to the appropriate philosophical position from which these methods should be derived. Undoubtedly, this debate will continue since the uses of qualitative research have shifted quite remarkably in the past decade. The acceptance of qualitative research as a valid approach has gradually been recognised - in the past research approaches have been dominated almost exclusively by the quantitative paradigm. Some of the most common criticisms from the positivist point of view are that this kind of qualitative research is unstructured and unreliable; it is subjective since it is not replicable, and therefore bias cannot be ruled out. Some researchers emphasize that the importance of science is not derived from the sources of the theories and hypotheses that the scientist starts out with, but rather the process by which those ideas are tested and justified (Gill and Johnson, 1997). In contrast, quantitative methods neglect the social and cultural construction and simply rule out the study of many crucial phenomena relating to people's daily lives (Silverman, 2000). Bryman (1988:108-109) considered that 'the distinction between qualitative and quantitative research is really a technical matter whereby the choice between them is to do with their suitability in answering particular research questions'.

Many researchers have discussed various distinctions between quantitative and qualitative research methods (see Bryman, 1988; Easterby-Smith et al., 1991; Creswell, 1994; Silverman, 2000). Punch (2000) identified the key differences between these two approaches including: the nature of the data, ways of conceptualising the reality being studied, and their designs and methods. For example, the quantitative is termed the

traditional, the positivist, the experimental, or the empiricist paradigm; the qualitative paradigm is termed the phenomenological, the interpretative or the naturalistic approach. Creswell (1994) contrasted these two paradigms based on ontological, epistemological, axiological, rhetorical, methodological, and research design approaches. Table 4.2 displays the assumptions of these viewpoints. Based on the nature of reality, the relationship between the researcher and that which the researcher investigates, the role of values, and the rhetoric of the study, a methodology – the process of research method - has emerged for both the quantitative and the qualitative approaches. The intent of the quantitative methodology is to develop generalizations that contribute to the theory and that enable one to better predict or explain some phenomenon. In the qualitative methodology, categories emerge from informants which provide rich "context-bound" information leading to patterns or theories that help to explain a phenomenon (Creswell 1994).

Interviews with management in travel agencies and a case study approach with phenomenological studies will be employed to discover new themes and to provide an insight into the problems of customer dissatisfaction and service performance. The findings will not be used for generalizations leading to prediction since this study focuses on individual opinions and social phenomena which are unsuitable to represent a wide range of general voices. Instead, it will be used to explain the current market phenomena and used as a comparison with previous studies to generate a theoretical proposition.

Table 4.2 Quantitative and Qualitative Paradigm Assumptions

Assumption	Question	Quantitative	Qualitative
Ontological assumption	What is the nature of reality?	Reality is objective and singular, apart from the researcher	Reality is subjective and multiple as seen by participants in a study
Epistemological assumption	What is the relationship of the researcher to that researched?	Researcher is independent from that being researched	Researcher interacts with that being researched
Axiological assumption	What is the role of values in research?	Value-free and unbiased	Value-laden and biased
Rhetorical assumption	What is the language of research?	* Formal * Based on set definition * Impersonal voice * Use of accepted quantitative words	* Informal * Evolving decisions * Personal voice * Accepted qualitative words
Methodological assumption	What is the process of research?	* Deductive process * Cause and effect * Static design – categories isolated before study * Context-free * Generalizations leading to prediction, explanation, and understanding * Accurate and reliable through validity and reliability	* Inductive process * Mutual simultaneous shaping of factors * Emerging design – categories identified during research process * Context-bound * Patterns, theories developed for understanding * Accurate and reliable through verification
Research design assumption		* Experiments * Surveys	* Ethnographies * Grounded theory * Case studies * Phenomenological studies

Source: Based on Firestone (1987); Guba and Lincoln (1988); and McCracken (1988). Cited from Creswell (1994:5).

4.3 Research approach

4.3.1 Exploratory research

This is an exploratory study of the relationship between service providers and recipients. An exploratory study can use different research approaches; it depends on the focus of research questions: "who," "what", " "where," "how," and "why." Since some types of "what" questions are exploratory, these questions are a justifiable rationale for conducting an exploratory study. The goal is to develop pertinent hypotheses and propositions for further inquiry. However, as an exploratory study, any of the above five

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research strategies can be used (Yin,1994). The definition of exploration may offer a helpful understanding of the idea. Vogt (1999) defined the exploratory research as:

> 'a broad-ranging, purposive, systematic, pre-arranged undertaking designed to maximize the discovery of generalizations leading to description and understanding of an area of social or psychological life' (p. 105)

Explore means to study, to examine a thing or idea for diagnostic purposes, to search it systematically for something (Stebbins, 2001). Stebbins considered that exploration could be classified into four levels of meaning each with their own goal: investigative exploration, innovative exploration, exploration for discovery, limited exploration. This research will combine the four levels of exploratory research - maximizing the discovery of social and cultural phenomena. It will then limit its focus to the specific subjects which are involved in the study.

In the early stages when few phenomena are known, both quantitative and qualitative data (description) may be gathered. However, in most exploratory studies, the qualitative approach predominates. Exploration is the preferred methodological approach when a group, process, activity, or situation has received little or no systematic empirical scrutiny. Exploratory research aims to generate new ideas and emphasizes theory development from the data (Denzin and Lincoln, 1994). In order to effectively explore a given phenomenon, researchers should cultivate a flexible approach in looking for data and open-mindedness about where to find such data (Stebbins, 2001). Lastly, Robson (1993), basing the analysis on a descriptive framework, argued that:

> 'in exploratory and descriptive case studies you may not start within a particular theoretical framework ---. You are looking for a set of themes or areas, linked to the research questions once again, which appear to give an adequate coverage of the case. One version, common in applied, real world studies, is to work towards an *issue analysis*, where the issues can be used as a means of organizing and selecting material' (p.378)

4.3.2 Selecting an approach

Different research methods generate different data. The relevance of data helps to formulate the definition of the problem. A quantitative approach necessitates standardized data collection from a large sample - whereas the qualitative approach yields large volumes of exceedingly rich data obtained from a limited number of individuals. A qualitative researcher exploits the context of data gathering to enhance the value of the data (Walker, 1985). In short, the methodology selected depends on the aims of the research. In most tourism research designs, the researcher is unable to exercise any control over the variables involved in a situation. Such a situation is often described as requiring an ex post facto design. A field study can be this type of design (Ryan, 1995).

> 'A field study is one that covers a literature search, experience survey, structured observation, and case studies. Often such a study is regarded as an exploratory phase in research, and can be descriptive. The purpose of such research is to examine a situation in order to identify key variables in any given situation, and to discern factors which could be important elsewhere' (Ryan, 1995:25-26).

Again, the comments of respondents, observation, and the in-depth interview can produce a richness of information on aspects of service provision or improvement. Such practical feelings, personal experiences, and particular behaviour and attitude are certainly difficult to sufficiently derive from just ticking boxes on questionnaires, or to be based on the researcher's own expectation in asking questions. Sayer (1992) stated that:

> 'whereas quantitative data deals with numbers, qualitative data deals with meanings. Meanings are mediated mainly through language and action. Language is not a matter of subjective opinion. Concepts are constructed in terms of an inter-subjective language which allows us to communicate intelligibly and interact effectively' (p.32).

Despite the limits of the qualitative approach in interpretation of meanings in large numbers and the ability to generalize from its findings, qualitative research will be undertaken in its own right in this study. This is because the need for depth of understanding can surpass the need for quantification (Morton-Williams, 1985). Dey (1993) emphasised that in a psychological or social context, we tend to rely on qualitative assessment rather than on some quantitative measure. Singleton, Straits, Straits and

McAllister (1988) considered that the use of qualitative or field research with exploration and description is appropriate when one has relatively little knowledge about the subject under investigation. Meanwhile, the growing use of computers in qualitative analysis has made for flexibility in analysing data and a much more pragmatic approach to developing and applying qualitative methods which should help to reconcile the differences between the qualitative and quantitative method (Dey, 1993).

4.3.3 Inductive approach

Research is concerned with finding out and explaining existent phenomena. Qualitative assumptions involve the inductive process (Saunders et al., 2003). Such an approach initially involves descriptive research which aims to describe what it is, and engages finally in explanatory research which seeks to establish what the causes are (see Veal, 1997). In fact, there is an interplay between the induction and deduction process (Strauss, Corbin, 1998). Veal explained (see Figure 4.1) induction as a research process which begins with description by gathering detailed information (point A), then proceeds to analysis - looking at categories that form a pattern - (point B), and then moves to explanation (point C) which in contrast with the deductive process begins with hypothesis (point C), proceeding to gathering data (point A), and then testing hypothesis against the analysed data (point B).

Figure 4.1 Induction and deduction research process

A. Description, observation, interviews/questionnaires

B. Analysis

C. Explanation/Hypotheses/Theory
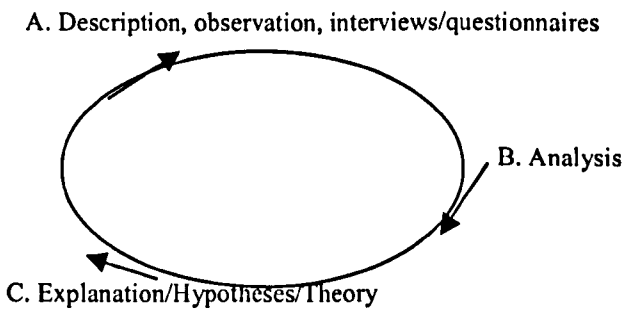
Source: Based on Williamson, Barry and Dorr (1982:7). Cited from Veal (1997:29)

The purpose of the inductive approach is primarily to develop or generate

theory/hypotheses rather than hypothesis testing. In practice, no researcher's work is purely inductive – researchers come to fieldwork with some basic ideas (Miles and Huberman, 1984; Judd, Smith and Kidder, 1991; Veal, 1997). Without some kind of underlying or implicit theory, research would not be able to locate the causes of a given phenomenon or behaviour and may result in poorly unfocused research (Miles and Huberman, 1984). This research looked at emerging patterns or theories through in-depth exposure to the field. At the outset of the research, theoretical assumptions and some preliminary ideas were examined to decide what to observe in the fieldwork or where potential causes might lie.

4.4 Objectivity`

Objectivity can be partitioned into reliability and validity. Natural science is strongly identified with a commitment to objectivity. However qualitative researchers also celebrate objectivity (Kirk and Miller, 1986). The natural sciences consider that objectivity is obtained by reporting experience in such a way that it is accessible to others and by reporting the results of experiment in terms of theoretically meaningful variables, measured in ways that are themselves justifiable in terms of the relevant theories (Kirk and Miller, 1986). From a positivist (objectivist) perspective, an important criterion of judging research is the rigor of the method. Achieving the same results depends on the reliability of the instrumentation. However, from phenomenological (subjectivist) assumptions, this notion of reliability becomes difficult since the purpose of qualitative research is not to immaculately replicate what has gone before (Rossman and Rallis, 1998). Kirk and Miller (1986) claimed that social science ignores the other side of objectivity – in other words that there is an external world. It ignores the crucial distinction between knowledge and opinion, and results in everyone having an individual insight that cannot be reconciled with anyone else's. Even though Kirk and Miller (1986) acknowledged that objectivity is an ambiguous concept in one sense and referred to taking an intellectual risk in another sense, they nevertheless believed that objectivity should be the common aim of all social science. Silverman (2000:12) suggested a set of criteria (see Table 4.3) for the evaluation of the qualitative – and considered that it is also equally appropriate for quantitative studies. He concluded that the decision with regard to

study methods should depend on the nature of what the researchers are trying to describe and explain - not on ideological commitment to any methodological paradigm. Therefore, there is no reason to consider that one is superior to another or to prefer any form of data.

Table 4.3 Criteria for the evaluation of research

1. Are the research approaches appropriate to the nature of the question being asked?
2. Is the connection to an existing body of knowledge or theory clear?
3. Are there clear accounts of the criteria used for the selection of case for study, and of the data collection and analysis?
4. Does the sensitivity of the method match the needs of the research question?
5. Was the data collection and record-keeping systematic?
6. Is reference made to accepted procedures for analysis?
7. How systematic is the analysis?
8. Is there adequate discussion of how themes, concepts and categories were derived from the data?
9. Is there adequate discussion of the evidence for and against the researcher's arguments?
10. Is a clear distinction made between the data and their interpretation?

Source: adapted from criteria agreed and adopted by the British Sociological Association Medical Sociology Group, September 1996. Cited from Silverman (2000)

Rather than continuing arguments about the superiority of one research approach over the other, Punch (2000) suggested that the methods and data used in the research should follow and fit in with the questions being asked; focusing on what the researchers are trying to find out (the questions) before focusing on how they will do the research (the methods). However, Gill and Johnson (1997:34) argued "the modern justification for taking an inductive approach in the social sciences tends to revolve around two related arguments." They consider that working within the inductive tradition, explanation of social phenomena should be grounded in observation and experience. Theory that inductively develops out of systematic empirical research is more likely to fit the data and thus is more likely to be useful, plausible and accessible. Walker (1985) stated that qualitative research is gradually being used to complement quantification during the initial phase of research (e.g. Bebbington et al., 1983). Quantitative data, mostly numbers, are produced by quantitative methods, and qualitative data, mostly words, are produced by qualitative methods. In empirical research, the approach can be quantitative, qualitative, or combine both. (Punch, 2000). However, researchers are seldom trained to

conduct studies from more than one paradigm; the favoured perspective of an individual becomes the dominant view in their research (Creswell, 1994). Using both research paradigms in a single study seems to be increasingly accepted. In this study, the main focus is on qualitative data, and it will be supported by quantitative data.

4.5 Research design

The research design connects the research questions to the data, and shows what tools and procedures are to be used in answering the questions. The design starts from the basic plan of the research with the logic behind it and then follows this through with the chosen research techniques. The research design is concerned with research problems being asked. Defining the research questions is probably the key step to be taken in a research study (Yin, 1994). Research techniques deal with the methods used for data collection and generation. In designing the research, the problem should be defined with reference to the available methods, resources and theories applicable to the issue (Ryan, 1995). Punch (2000) considered that the research design is the fundamental plan for an empirical research and includes four ideas: strategy, conceptual framework, who or what will be studied, and the tools and procedures to be used for collecting and analysing empirical materials.

4.5.1 The research strategy

A research plan considers how a research project is to be conducted and it is conventional to describe the whole research process beginning with the formulation of problems and ending with writing-up the report of recommendations. Such a research process, as shown in Figure 4.2 can be divided into five stages with seven main elements and starts from a research rationale, selecting a topic and deciding research questions, reviewing the literature, deciding research design, undertaking data collection, conducting analysis, and ends with reporting the findings, conclusions and recommendations.

4.5.1.1 Devise a conceptual framework

Based on the research rationale and questions (see Chapter 1) research first attempts to identify, investigate, and interpret emerging phenomena before the research methods and instruments are decided upon. Once a topic and the questions are determined, it is important to be precise in formulating these questions. Reviewing the literature on the topic can help (Cooper, 1984). The purpose of reviewing literature is to determine what is already known of a topic and to develop sharper and more insightful questions about the topic (Yin, 1994). A further discussion of formulating the conceptual framework of this study will be mentioned in Figure 4.3.

4.5.1.2 Literature review

Reviewing the literature is not only involved in the primary stage, it also plays a significant role during most of the research stages. Based on several studies (Marshall and Rossman, 1989; Fraenkel and Wallen, 1990), Creswell (1994) concluded that reviewing the literature accomplishes three purposes: 1) It shares the results of other studies that are closely related to the study being reported; 2) It relates a study to the literature about a topic and fills in gaps and extends prior studies; 3) It provides a framework for the current study, as well as a benchmark for comparing the results of a study with other findings. Even though this study intends to use an inductive process for ideas and theories generated, review of the literature beforehand will enable the researcher to know what to expect and to observe in more accurate and reliable ways. These activities indicated by Creswell have been carried out in Chapter 2 and 3 - literature reviews - and Chapter 4 – research methodology - and constitute a theoretical guideline for conducting data analysis.

Figure 4.2 Research stages and elements of the research strategy of the current study

Devise conceptual framework

1. Research rationale

2. Select a topic and decide
   research questions

Literature stage

3. Literature review

Data collection stage

4. Decide research design
   (Method and instruments)

5. Undertake data collection

* Interviews with travel agencies
* Participant observation on a tour
*Telephone interviews with participants
* Travel agency' s questionnaire survey

Data analysis stage
6. Conduct analysis

* NUD*IST Software analysis

Writing-up stage

7. Report findings,
   Evaluation,
   Conclusions, and
   Recommendations

Source: Adapted from Ryan (1995) and Veal (1997)

4.5.1.3 Data collection

Due to the scarcity of research on tourist satisfaction among Taiwanese tourists, this study aimed to undertake exploratory research to understand service elements provided

by travel agencies and the relative service factors which it was assumed would affect tourist satisfaction when customers take an overseas package tour. From an overview of previous studies - and based on the nature of the research questions - the instruments used for primary data collection were chosen and the approaches for collecting information were also determined. In designing the research and data collection procedures, the resources, the availability of access to informants, and the feasibility of collecting meaningful data were carefully examined. In tourism research, there are clear problems relating to the collection of data on tourist perceptions or satisfaction with service providers and travel agencies' service strategies since questionnaires are limited and cannot fully capture the true nature of travellers' reactions and the real practices of service performance. It was decided to use multiple methods to establish different views of phenomena at different stages. It was felt that a qualitative approach with the adoption of in-depth interviews and participant observation, would significantly enhance the value of the data collected.

The perceptions of satisfaction were undertaken through twofold views – service providers and service recipients. The primary data for this study were collected using three different research methods and complemented by the collaborating travel agency. The first methodology employed was in-depth, semi-structured face-to-face interviews with Taiwanese travel agencies. The second methodology was participant observation of an outbound long-haul Taiwanese guided package tour. The third methodology was semi-structured telephone interviews with the Taiwanese tour group participants.

4.5.1.4 Data analysis and writing-up

After data is collected from the field work, the research process continues with data analysis and writing-up stages – reporting the findings; relating the findings to previous studies; interpretation and drawing conclusions; recommendations. The primary data included the interview transcripts, the field notes, and the questionnaire survey. These firsthand, raw data were either recorded or written down in Chinese and then were transcribed into English shortly afterwards by the researcher. The unstructured material was coded for categories and patterns related to the research questions, concepts and

themes. The primary data of interview transcripts and field notes were analysed by using NUDIST software - a process of coding, sorting, categorizing, grouping, and regrouping data by computer into piles of meaningful and readable material. Data analysis and interpretation was constrained and directed by the conceptual framework formulated at the beginning of the study. The approach and software applied are reviewed in section 4.8. The results of findings, conclusions, and recommendations are reported in Chapter 7 and 8.

4.5.2 Conceptual framework of research process

Figure 4.3 demonstrates the conceptual framework of this research formulated from the major theoretical and empirical literatures. A conceptual framework helps to select, decide and guide the features that one is going to collect and analyse. Based on background rationale and the relevant literature reviews, a particular conceptual framework was established to guide this study. This framework indicates the researcher's views of the concepts and the relationships between such concepts (Veal, 1997). The conceptual framework describes the topic and sub-questions and how they are framed. The delimitations of the research subject are also set up to place boundaries around the study throughout the conceptual discussion (Rossman and Rallis, 1998). Veal (1997:46) stated that 'both explanatory and evaluative research call for a well-developed conceptual framework which forms the basis for the explanation or evaluation work required from the research.'

Customer satisfaction is mainly influenced by the service performance of service personnel during the service encounters. It is essential to explore how the travel agencies' customer service policies during the pre-tour, on-tour, and post-tour stages affect travellers' satisfaction (see Wang et al., 2000). Since tour leaders' performances are related to the marketing policies of travel agencies, the relationship between the travel agency and the tour leader as well as the travel agency's expectations of the tour leader as regards customer service were analysed. Many empirical studies (see Mossberg, 1995) have shown that the tour leader is the most crucial person responsible for achieving

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customer satisfaction. Therefore, in this study tour leaders' professional skills and service attitude were emphasised.

Figure 4.3 illustrates a triangular relationship between travel agencies, tour leaders and customers in terms of gaining customer satisfaction and repeat business. The major independent variable in this framework is the travel agencies. The tour leaders and customers themselves are also considered independent variables, however, they may also be treated as dependent variables since they depend on travel agencies; tour leaders' service performance is influenced by travel agencies' policies in terms of welfare and codes of conduct. Customers' perceptions of consumption experiences are influenced by travel agencies' service quality and performance (including quality of the product) during the pre-tour, on-tour, and post-tour stages. Also, customers' dis/satisfaction judgments may depend on tour leaders' service quality and performance when on the tour. In addition, customers' evaluation of dis/satisfaction judgments intervenes with several control variables – pre-consumption expectations (including communication), emotional responses, perceived equity, attribution, and cultural value. The major dependent variables are customer satisfaction and repeat business. Figure 4.3 shows that travel agencies influence tour leaders' service quality and performance which in turn influence customers' perceptions of consumption experiences. Customers themselves take part of the responsibility of their dis/satisfaction judgments. In the process of forming dis/satisfaction judgments, the independent/dependent variables of the framework, including those control variables, may mutually influence each other.

This conceptual framework hypothesizes that travel agencies and tour leaders' service performance, and customers' consumption behaviour determine independently or interchangeably customers' dis/satisfaction judgments. Customers' emotional responses and cognitive evaluation of service performance during the pre-tour, on-tour, and post-tour service encounters and their value judgment towards product quality and service performance in general will determine their future re-purchase. Generating repeat business is the ultimate goal for many travel agencies. In order to generate repeat business, it appears important for the travel agency to satisfy customers' expectations and match their needs. The interaction between travellers and the service providers - in

particular the tour leader may also be a crucial factor in determining tourist levels of satisfaction. The service efforts of the travel agency alone may be inadequate to totally satisfy the customers during the duration of the service process. Travellers' behaviour and the interaction between travellers themselves may also be important.

Figure 4.3 A conceptual framework and research techniques
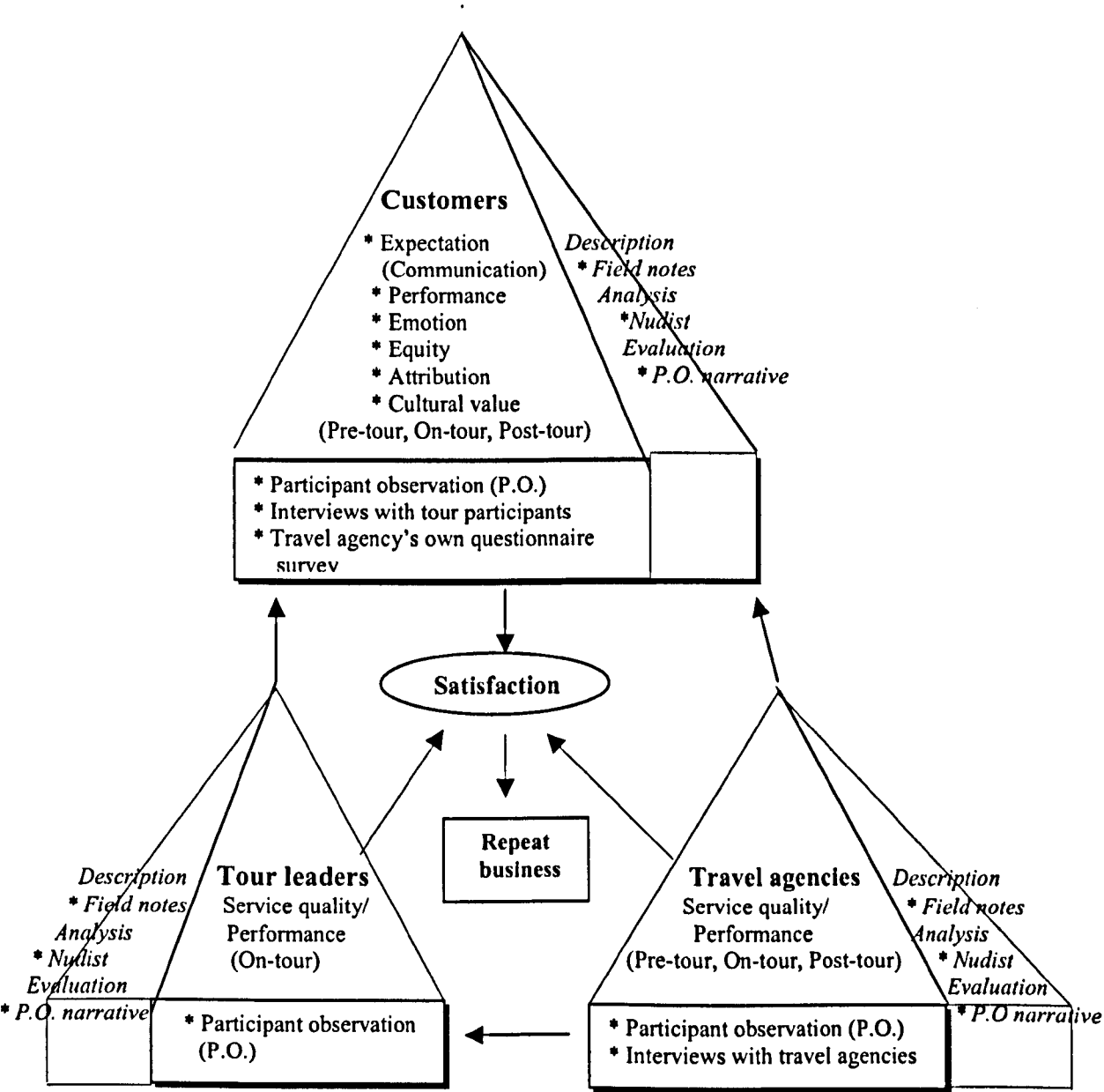
4.6 Methods for data collection

In order to explore the travel agencies' dimensions of service on pre-tour, on-tour, and post-tour service encounters and their service strategies in building up customer relationships, in-depth interviews at managerial level were developed. In order to gain an insight into customers' views during service encounters on a tour and their travel needs and behaviour, a case study approach was applied. A period of participant observation in the field was required to obtain first hand data. To enhance the data collection and gain deeper views of the tour leader's performance and customers' expectation and satisfaction, semi-structured interviews after the tour with tour participants were also employed. This approach was also intended to identify the relationship between overall dis/satisfaction with the travel agency and the generation of repeat business. Finally, questionnaires from the package tour conducted by the collaborating travel agency were also analysed - related to satisfaction and dissatisfaction in each of the main service elements - with a view to evaluating the level of customers' satisfaction as well as eliciting customers' recommendations for future improvement.

This study describes and interprets through multiple methods the Taiwanese current travel phenomena in terms of travel agencies' service performance and customers' perceptions of the performance, and tries to understand how people make sense of their travel activities and interpret their travel experiences under the influence of service providers. Interviewing real participants, observing their interactions in natural settings, and gathering documents are the primary techniques for looking at social worlds holistically (Rossman and Rallis, 1998). However, this study did not interview tour leaders, partly due to time and accessibility, but also because on-tour observation of their performance was considered to be more relevant. The primary data for this study were collected using three such different research methods – in-depth face-to-face interviews with travel agencies, participant observation with a guided package tour, and post-tour telephone interviews with participants - plus the company's own research. This study uses the qualitative approach in interpretation of meanings of collected data. Data from field notes, interviews, questionnaires have been described, evaluated, and finally

analysed by NUD*ist computer software for interpretation. The data collection techniques and data analyses are outlined in Figure 4.3.

4.6.1 In-depth interviews with travel agencies

The in-depth, semi-structured face-to-face interview is a conversation with the specific purpose of obtaining research-relevant information externally (facts) and internally (feelings)(Robson, 1993). Its purpose is 'to collect precepts and ideas and to improve the conceptualisation of the research problem' (Oppenheim, 1992:70). Its flexibility provides rich, meaningful, and highly profound material. Veal (1997) stated that this method encourages respondents to talk, and not only asks supplementary questions but also asks respondents to explain their answers. He pointed out that the in-depth interview tends to be used when: 1) The subjects of the research may be relatively few in number and 2) The information likely to be obtained from each subject is expected to vary considerably.

4.6.1.1 Approach

Face-to-face interviews have several advantages. Judd et al. (1991) pointed out that the interviewer can control the order and the context of the interview, including the possible biasing presence of other people; the interviewer can improve the quality of data by establishing rapport and thus motivate the respondent to answer fully and accurately. There are however several limitations in conducting in-depth interviews and these need to be examined. The lack of standardization of the interview inevitably raises concerns about reliability and also the interviewer's sex, age, education, social background, and race may introduce bias (Robson 1993). The interviewer's expectation or personal characteristics can influence responses; respondents may give invalid answers to suit the interviewer's desires (Anderson, Silver and Abramson, 1988).

Kvale (1996) believes that the research interview can be a conversation between two persons about a theme of mutual interest. However this is not always necessarily the case for the interviewee. He also says that leading questions do not always reduce the reliability of interviews although extra care such as verbal and bodily responses following

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an answer should be taken to avoid misleading the interviewee during the interaction. Oppenheim (1992) considered that an interview is essentially a one-way process since a two-way process of communication will cause bias to be introduced by the interviewer.

Cooperation by the respondents and a degree of interpersonal skills are required in conducting the process of interview (Robson, 1993; Veal, 1997). Interviewers may not evoke rich responses because of limited expertise in or familiarity with the local language or participants may have good reasons for not being truthful (Rossman and Rallis, 1998). For example, the researcher needs to be sensitive to interviewee responses which may be ambiguous and to interpret them carefully – to correlate data with various background characteristics that the respondents have. Robson (1993) suggested that the interviewer should retain professional responsibility. During the interview, he considered that interviewer behaviour should: 1) listen more than speak; 2) put questions in a straightforward, clear and non-threatening way; 3) eliminate cues which lead or influence interviewees to respond in a particular way.

An in-depth interview is characterised by its length and depth and typically takes at least half an hour and sometimes several hours (Veal, 1997). Judd et al. (1991) considered that an hour or so is typical and that additional length allows extensive in-depth questioning about complex and multifaceted issues. Moreover Robson (1993) suggested that the length of interview should not be under half an hour, since it is unlikely to be valuable, or go much over an hour which may lead to biases in the sample that you achieve.

The number of in-depth interviews seems to vary in different circumstances. Hakim (1987) suggested 15-25 interviews would be suitable but Oppenheim (1992) suggested that 30 to 40 interviews is typical. However, he stated that when a series of in-depth interviews have reached the point of no new ideas, a quick consultation would then bring the series to a close. Based on their views, the availability of samples, and the limited time, the researcher decided that 25 interviews of travel agencies would be appropriate for data collection.

4.6.1.2 The sample selection and gaining access

In order to identify the service dimensions of the travel agencies, a convenient sample selection of 25 General Travel Agencies from a directory of Travel Quality Assurance Association R.O.C. were chosen for interview. To ensure that the sample travel agencies were representative and not too small in size, a travel agency with multiple branches and its headquarters located in the Taipei area was required. These agencies also had to be a member of the Travel Quality Assurance Association (TQAA)[1] to ensure that they were qualified to a certain standard.

Timing of the interviews was crucial for gaining access. In February travel agencies are less busy, since the Chinese Lunar New Year holiday is just over. A letter was sent from the UK in early January 2001 to the general manager of the travel agencies. This explained the research purpose and to request approval. Except in one instance, most of the Taiwanese travel agencies were passive and did not take the initiative in making responses. A follow-up phone call was made in Taiwan in early February to re-confirm the day and time for each interview. However, more than half of them were neither reachable nor available for the interview. After discussion with two practitioners in the travel industry regarding the sample selection and the topic of the questions, they suggested that the interviews should not be limited to General Travel Agencies[2] since they tend to be similar as regards the processing of customer services. They considered that A-Type Travel Agencies should be included in order to gain more diversity of response (B-Type Travel Agencies were excluded). Another convenient selection of 10 qualified A-Type Travel Agencies was made through the directory of the TQAA and located in Taipei and confirmed by follow-up phone calls. In order to get a better chance of acceptance, the respondents were told that the interviewer was also a lecturer at a University in Taiwan; teachers at the University have a good reputation and are respected by the general public. In addition, the researcher had collaborated with several travel agencies in organizing student outbound tours and had a good working relationship with a number of practitioners in the travel industry and this helped to access interviewees.

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[1] see Chapter 2, Section 2.3.2
[2] see Chapter 2, Section 2.4.1 for the differences among the General, A, and B-Type Travel Agencies

However, this approach might not necessarily produce a positive response; Rossman and Rallis (1998) argued that social group identities might elicit or prevent detailed responses. This depends on the circumstances of the interview and the personal styles of both interviewer and participant. For this study, the interviewees were all at managerial level and the management were very knowledgeable and supportive of academic research. The defect that Rossman and Rallis mentioned seemed to be no threat to candid and detailed responses. However, a slight exaggeration by the interviewees of the favourable level of service provided by their company might be expected.

Table 4.4 The sample of travel agencies and interviewees

Time and date	Travel Agencies	Categories	Interviewees	Titles
14:00, 05 Feb.	China Travel	A	Thomas Chung	General Manager
16:30, 05 Feb.	Golden Formosa	A	Joan Kuo	Sales Manager
11:00, 06 Feb.	Fantasy Travel	A	Michael Chen	Senior Manager
16:00, 06 Feb.	Everbest Travel	A	Daniel Ko	Associate Manager
14:00, 07 Feb.	Friendship Travel	A	Richard Wu	Department manager
17:00, 07 Feb.	Dragon Tour	A	David Chao	Sales Manager
17:00, 08 Feb.	Formosa Tours	A	Sophia Teng	Manager
10:00, 09 Feb.	Pro-tour Express	General	Frango Lee	Vice president
15:30, 09 Feb.	Roc Tours	General	Dennis Liu	Deputy GM.
09:30, 12 Feb.	Regent Travel	General	David Ho	Vice GM.
16:00, 12 Feb.	Europa Travel	A	Crystal Tsao	Sales Manager
10:00, 13 Feb.	Phoenix Tours	General	Tom Liu	Assistant GM
15:00, 13 Feb.	Worldwide Travel	A	Arthur Zheng	Vice GM.
09:30, 14 Feb.	Capital Travel	General	Robert Perng	Vice Chairman
14:00, 14 Feb.	Circle World Travel	A	Phina Huang	Manager
16:00, 14 Feb.	Richmond Int'l Travel	General	Lily Tsai	Execu. Vice president
15:00, 21 Feb.	Taiwan Travel	General	Morris Lin	Managing Director
17:00, 21 Feb.	Four Seasons	General	Hugo Lee	Deputy GM.
10:30, 22 Feb.	Signet Travel	General	Alex Cheng	Vice President

* A= A-Type Travel Agency
GM = General Manager

Interviews with 20 conveniently selected Taiwanese travel agencies were carried out over a period of three weeks, at an average of 2 interviews per day. Amongst these 20, one

travel agency was excluded, since this company was composed of various independent travel agents who were sharing the facilities and working under the same company name. The total number of valid interviews was 19 which included 9 General Travel Agencies and 10 A-Type Travel Agencies. The researcher decided to stop conducting further interviews when the results from the interviewers were rather similar to each other (Oppenheim, 1992). The sample travel agencies and interviewees are listed in Table 4.4.

4.6.1.3 Conducting interviews

The managerial interviews were in-depth, semi-structured, and face-to-face. The interviewees were told in advance (on the telephone) that each interview would take about 40 –50 minutes and that the conversation would remain confidential but would be tape-recorded for academic purposes. Shultz and Lareau (1996) advise that the question chosen must address the concerns of the research and must be answerable. According to Kvale (1996), before the interviews start, the purpose of an investigation and the concept of the topic should be formulated. The interview questions were formed through reviewing the literature, discussion with tourism practitioners, and the researcher's own reflection from previous working experience in the travel industry. The 11 systematic pre-designed open questions (see Appendix 4.1), were divided into 5 general categories: 1) company's expectation from service employees; 2) company's expectation from the tour leader; 3) tipping policies; 4) company's customer relationship policies; 5) company's perceptions of customer satisfaction. Before engaging in an interview, each respondent was told again of the research purpose and was asked to answer the open questions based on company policy rather than personal opinions - unless specified. The 11 open-ended questions allowed the respondents freedom to extend their responses which resulted, unavoidably, in answering questions that would be asked later on. To avoid repeating the questions which had already been answered, pre-arranged questions were not asked again. If the respondents did not provide relevant information or responded according to a particular interest subject for the study from the pre-designed open questions, a sub-question would be carried out in order to remind or gain more detailed responses.

In sum, most interviews took place in the company's meeting room; two interviews took place in the coffee shop. Each interview actually took 40 to 50 minutes in length (about 30 – 40 minutes for each tape-recording). All the interviewees agreed that the conversation could be recorded. One of the interviewees forgot the appointment and was replaced by another managerial colleague after the researcher waited for about 30 minutes. The majority of interviewees were able to answer the questions candidly – they were assured that the information they would provide was going to be used only for research purposes. Also they were all in managerial positions and had authority, and their marketing strategies were no secret. A few interviewees seemed to be less talkative, in which case the researcher had to ask more questions in order to stimulate the conversation. On the other hand, some interviewees seemed eager to express their opinions when answering questions related to customer satisfaction and complaints.

4.6.2 Participant observation

The technique of participant observation was adopted as an appropriate research tool for accurately capturing consumers' attitudes towards satisfaction. Veal (1997) confirmed that this technique gives an insight into the real world and uncovers the complexity in social settings. It is the key way of researching particular phenomena and it is commonly used in leisure and tourism elements. Many case studies (see Arnould and Price, 1993; Bowen, 1998; Jauncey, 2000) have used it as the primary method of data collection. This technique is purposeful and can be tightly prefigured, using structured questions guided by checklists, or it can be a more holistic description of events and activities (Rossman and Rallis, 1998). Judd et al. (1991) stated that it is considered to be a method of hypothesis generation rather than of structured data collection. Jorgensen (1989) stated the use of it as:

'Qualitative descriptions generated by participant observation are used to formulate concepts for measurement, as well as generalizations and hypotheses that with further testing may be used to construct explanatory theories' (p.7).

4.6.2.1 Approach

In traditional views of experimental design, participant observation sounds subjective. However, the social world involves subjective meanings and experiences constructed by participants. Interpretations of those social phenomena can only be achieved through participation with those involved (Manis and Meltzer, 1967). Judd et al. (1991) argued that observation can become scientific for the purpose of uncovering a general principle of human behaviour when it is planned deliberately, the data gathered systematically, and it is subjected to checks and controls on validity and reliability (also see Robson, 1993).

Jorgensen (1989) considered that participant observation can provide theoretical and practical facts regarding human existence, or be valuable when the phenomenon is somehow indistinct from the view of outsiders or is involved with human meanings and interactions. This approach should allow a researcher to interact with those they study and minimize the distance between the researcher and those being researched. Jorgensen (1989) approved the use of participant observation under the following 4 conditions:

1. When little is known about the phenomenon;
2. Views differences between insiders as opposed to outsiders;
3. The phenomenon is somehow obscured from the view of outsiders;
4. The phenomenon is hidden from public view.

There are different approaches to evaluating tourist satisfaction and the performance of the tour leader. Satisfaction is an emotional response and changes constantly at multiple levels during the service encounters in a package tour. A positivist, quantitative approach with customer service questionnaires is incapable of capturing the customer voice (Bowen, 2001b). Swarbrooke and Homer (1999) suggested that people do not always express their motivations and their real needs for travelling (the 'hidden' motive). Participant observation provides a unique technique for discovering those hidden needs. Arnould and Price (1993), in their study of the relationships between client expectations and satisfaction in river rafting trips, found that participant observation data can enrich the interpretation of qualitative results. The participant observation technique on tourist

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satisfaction/dissatisfaction and the performance of the tour leader, can overcome the limitations of the positivist, quantitative approach (Bowen, 2001b). Ryan (1995) stated that in the area of tourism research, direct interaction with respondents by the researcher – playing a real part rather than simply acting as a detached observer – could generate much useful data.

Since the observer is the research instrument, both great sensitivity and personal skills are essential for eliciting worthwhile data (Robson, 1993). Even though there are disadvantages to using participant observation, e.g. reliability and validity of collected data can be challenged due to deficiencies in memory retention (Robson, 1993), these difficulties can be overcome by identifying the critical incidents (see Figure 4.4), rigorous note-taking on a regular basis, and learning from prior experience of participant observation. In general, customer satisfaction on a package tour involves many related services. Wang, Hsieh and Huan (2000) identified the critical incidents in each sector of the guided package tour, which lead them to identify the variables that are related to customer dis/satisfaction. The diagram shows some of the range of potential opportunities for critical incidents to occur on a guided package tour. The same language and cultural background as the participants allowed the researcher to fully participate in conversations and understand the cultural dimensions of the tour group. Seven months before embarking upon the main field trip, the researcher spent 12 days on a pilot participant observation package tour to Scandinavia to improve his observational techniques. This experience helped the researcher to focus on themes related to research questions in order to get an insightful look at a particular activity and be aware of critical incidents during each service sector. In addition, it also facilitated the objective view of the researcher in interpreting each phenomenon.

Following this experience, several practical measures were adopted that contributed to the main field trip.

1. In order to collect data from the participants, the researcher had to take the initiative in order to approach them. Although some participants were interested in each other's background and enjoyed interacting, some tended to be very

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passive. The researcher needed to be friendly and to spend time talking to participants and trying to become close to them to gain their trust – people do not necessarily engage in personal conversation when they first meet you.

2. Set up an occasion – the researcher bought coffee for participants.
3. Meal times and setting on the coach were the best occasions for gathering data – participants were relaxed and had time to chat.
4. Joined small groups and listened to their conversations. The members of a small group are familiar with each other and, therefore, their conversations tended to be more natural.
5. Spent time at hotels' front desk or reception. If any problem occurred people tended to go there for complaints.
6. Stayed close to the tour leader - participants went to the tour leader for help or/and complaints.

Figure 4.4 The sectors and critical incidents of a guided package tour (GPT)
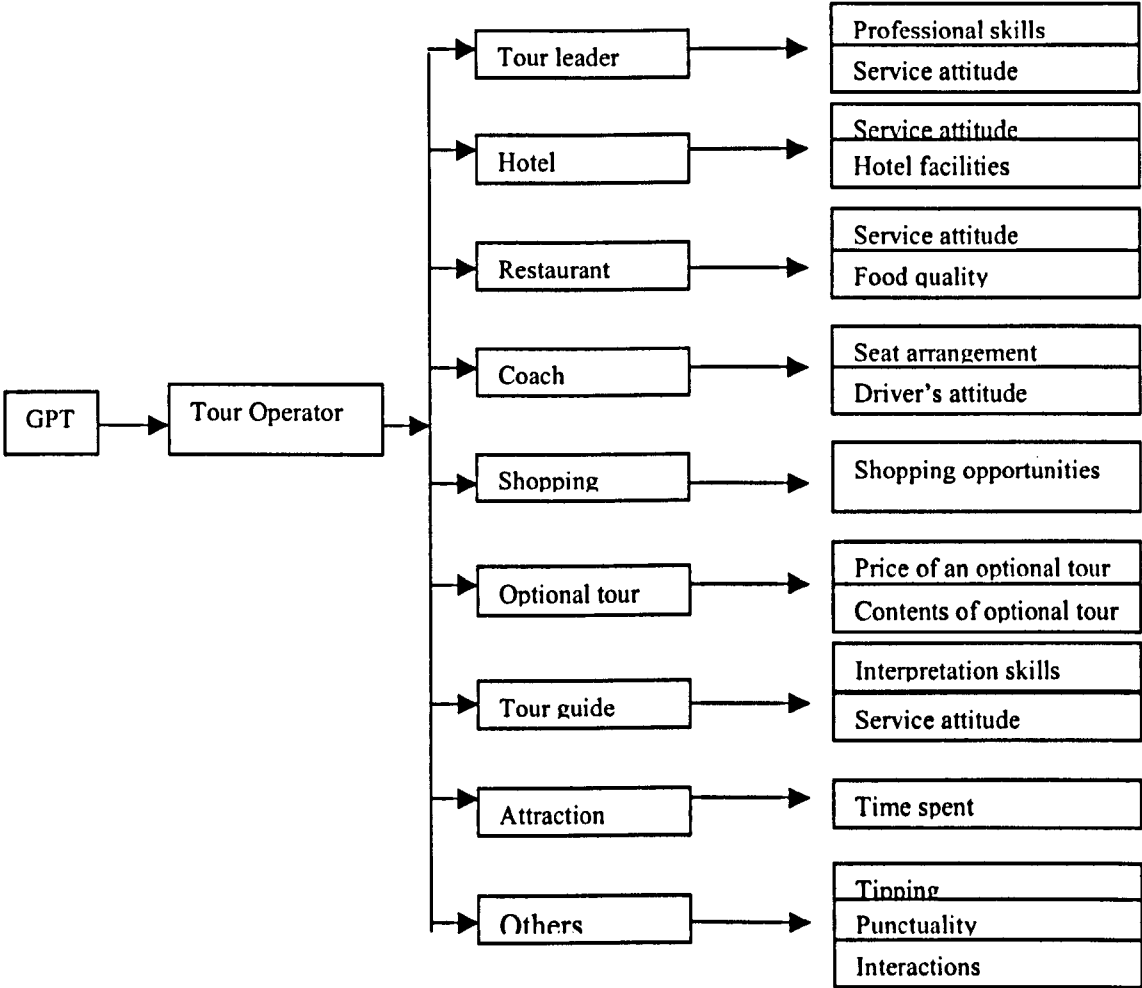
Adapted from Wang et al. (2000)

4.6.2.2 Study group

The stated research objective was to evaluate customer experience and satisfaction with performance during an outbound guided package tour. The participant observation occurred on a ten-day Taiwanese guided group (package) tour to Italy during February 2001. The collaborating company, an A-Type Travel Agency, organized the tour. The researcher obtained explicit authorization from the travel agency before starting the observation and gave assurances regarding the confidentiality of information – this

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included information discovered, self-observation or information that the travel agency provided. The travel agency agreed not to tell the tour leader about this research in order to avoid bias – the tour leader might do something in a different way to impress the observer. The tour started from Taipei airport and ended at the dismissal point in Taipei City centre. The journey covered the outbound return flight from Taipei to Rome, all the accommodation, and the coach journey through northern Italy. This guided package tour included all the meals, which were mostly served in Chinese style except for breakfast. One optional tour was available at the participants' own expense. The itinerary and the pre-tour meeting did not mention any optional tour and/or shopping events.

The travel agency in Taiwan organised two groups, referred to as Coach A and Coach B, which started at the same time with the same itinerary but stayed in different hotels for two nights and had different tour leaders. The tour leader of Coach A was a Chinese male with 18 years of work experience in the travel industry although he was a part time tour leader. Coach B's tour leader was a Chinese male free-lancer with 15 years' tour guiding experience. The study group was Coach B which had 39 participants composed of 10 males and 29 females (excluding the tour leader and the researcher) with an age range of 20 to 75 and comprised only of Taiwanese people (see Table 4.6). The majority of participants were married and had a college or higher degree. Many of them were extensive travellers who travelled at least more than twice a year. The participants were not told that they were being observed. This avoided unnecessary bias since the researcher was also one of the group participants and was no different from them.

4.6.2.3 Ethical issues

Ethical considerations appear when research involves human participants – our 'right to know' against the participants' 'right to privacy, dignity and self-determination'. Rossman and Rallis (1998) considered that ethical dilemmas were not solvable but were reasoned through moral principle; a researcher may not agree with the prevailing dominant principle but he or she must be able to explain the reason behind it. Judd et al. (1991) believed that participant observation is clearly not free of ethical problems but

might give the people they study a more equal voice if the researcher was recording rather than manipulating events, listening rather than forcing participants.

In this study, participant observation on a package tour was involved. Serious thought had been given to the ethical issue before carrying out the participant observation. However, it was considered that an observational study of naturally occurring behaviour in a public space without manipulating events was less questionable than an observation in a private space as it would not expose participants to physical or mental stress or invade their privacy to a profound degree. The collected data of conversations and observation with participants would be coded anonymously and only be viewed as social phenomena for travel intentions in the current market and for reflection of customers' needs and expectations from a package tour. Based on such thoughts, discussions with supervisors and advice from University Research Ethics Committee, it was judged that a covert participant approach was unlikely to affect the well-being of participants or cause potential risks. This view was supported by the collaborating travel agency.

4.6.2.4 Gathering data

Field notes were the written record of the researcher's observations in the field. They had two major components: 1) The descriptive data in which the researcher observed the physical environment and the activities and interactions among the people in that environment; 2) The researcher's comments on the data including the researcher's emotional reactions to events, analytic insights, questions about meaning (Rossman and Rallis, 1998). Judd et al. (1991) suggested that the participant observer should record everything since the observer does not know what the final analysis will be and may find useful data available for analysis later on. Although a large sample size makes the results more reliable, a large sample size could mean that a small number of participants have to be studied over a long period of time (Judd et al., 1991).

All the group members were Taiwanese with variations of the language spoken throughout the tour – Mandarin being the official language and Taiwanese being the dialect. The researcher was familiar with both and had no problem in understanding the

meanings of the conversations. It seemed to be common for the tour participants to ask about each other's backgrounds when they first met. The researcher has worked as a university lecturer in Taiwan in the Department of Tourism and has retained his title. This information circulated among group members and put the researcher at an advantage to record data after an observation or a conversation with the participants - without arousing suspicion. The tourists thought that the note taking procedures were to be used for future teaching. A few of the participants even suggested that the researcher record the tour scenario for teaching purposes. The data collection was based on notes taken either on the coach or in the hotel room and were written in English to avoid unnecessary embarrassment.

Collected data was based on the researcher's observation and conversation with participants. The observation was carried out from time to time during daily activities. Conversations with group members took place on many occasions. Most of the conversations and observations took place on the coach, at meal times, and on walking tours. However, the coach journey to the next destination was the most effective time to chat with group members and this usually enabled the researcher to collect rich data because the group members were relaxed and had adequate time for talking. The contents and the topics were wide and deep. But there was a limit to conducting conversations on the coach. Even though the tour leader had announced that the group members should rotate their seats each day, many of them seemed to like to sit in the same place. Meal times were also a good opportunity to hear or get involved in more dialogues since during that time the interactions among the group members were much more active. Based on the nature of Taiwanese group tours, all the meals were included in the tour package and were organized by the travel agency and the tour leader which allowed the researcher to have more opportunities to participate in conversations and observe more people. Chinese restaurants were chosen, which meant using a round table with 8-10 seats and no restriction on allocation of seats for each group member. There were no difficulties for the researcher to approach group members, except with a few families who tended to sit alone and walk together; this restricted the researcher from having conversations with them. Additionally, there were several small groups which were composed of friends or

relatives. These small group members tended to sit together – and this again restricted the researcher from making conversation with them.

The conversations focused on personal issues such as personal background and travel experiences, during the first few days on the tour. Upon arriving in Italy for the city tour, the topics soon changed; the major conversations were their personal feelings regarding the daily service encounter, and especially their shopping experiences. Forced or leading questions were avoided throughout the tour.

A twofold circumstance assisted the researcher in collecting data – the itinerary arrangement and the participants' consumption habit. The arrangement of the itinerary was based on the previous experience of the travel agency and the needs of customers; the daily activities of the tour usually ended in late evening and there was not much free leisure time for each group member. This setting enabled the researcher to obtain more opportunities to stay with the group members. In addition, based on Chinese culture, Taiwanese travellers tended to buy drink or food for each other during the tour – sharing food was common among participants. The lifestyle of coffee-drinking in coffee shops is well known in Italy. A few group members, in particular female members, liked to involve themselves with this atmosphere. The researcher took this opportunity from time to time with group members and the tour leader. For instance, during the leisure time in the cities or taking breaks in the rest areas when on the coach journey, the researcher tended either to join group members for coffee, or buy coffee for some of the participants. The contact frequency is shown on Table 4.7.

4.6.2.5 Limitations of this approach

The participant observer is a Chinese male from Taiwan. Certain nuances of the conversation and observation of behaviour in the study group may have been overlooked. The cultural values of concession, group conformity and the concept of 'saving face' might limit the findings on Taiwanese tourists' levels of satisfaction. In addition, the Taiwanese family and friendship groupings inhibited the researcher from joining in conversations, for example at the dinner table. Personal passive characteristics and age

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differences (elderly people) also prevented the researcher from accessing participants' conversations. However, these points should not be used to undermine the reliability and validity of data collection as they related to small numbers among the 39 participants and most of them participated in conversations except the two elderly people and 3-4 youngsters.

Although the researcher spent much time talking with the tour leaders and developed a close relationship with them, the researcher did not put many questions to the tour leaders to avoid misleading them or cause suspicion. Instead, the researcher listened to their conversations and observed their performance. In addition, owing to the limitations of money and time, the field trip was confined to one escorted package tour which therefore limited the observation to a small degree.

4.6.3 Follow-up telephone interviews with participants

In order to further validate the data from participant observation, a series of interviews with the tour participants was carried out. In addition, the evaluation forms of the travel agency were obtained. These corroborated the message gained from the participant observation.

4.6.3.1 Approach

Gaining the trust of participants is essential in order to gain insight into their views. The background of the interviewer and the relationship with the participants seemed to affect the confidences in terms of providing rich, reliable data. This was the case even though there may be no mutual interests in common between the interviewer and interviewees. Goffman (1967) stated that we all attempt to manage the impressions others have of us during social interaction. Hence we

> 'say different things depending upon the person with whom we are speaking. What informants say to interviewers will depend on how they view the interviewers and how they think the interviewers view them' (Taylor and Bogdan, 1998:99).

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The researcher's background in teaching and the good relationship built on the package tour to Italy gained the trust of each participant and enhanced the data collection – indeed, the researcher was invited twice by tour participants to participate in post-tour meetings. There were no problems for the researcher to collect the phone numbers from each participant. An exchange of addresses for further contact is common for tour members and is considered part of Chinese culture; many believe that it is destiny for people to meet each other. Telephone interviews saved time and reduced costs. But the lack of visual interaction caused problems in interpretation (Robson, 1993). However, this could be compensated by interviewees' tone and voice. In addition, due to Chinese culture, it would be impolite for the respondents not to talk to an interviewer whom they had met before. A telephone interview has the advantage of speed for the substitution of refusals and not-at-homes (Oppenheim, 1992). Face-to-face interviews were impossible with the tour members since they lived in different areas of Taiwan. The researcher conducted a follow-up telephone interview with group members seven months after the end of the guided package tour – after a brief analysis of the field-notes from participant observation and allowing adequate time for the participants to discuss the tour experience with their friends. The questions related to their satisfaction and the overall experience of the tour and future travelling. The data that were gleaned was used to complement the data gathered through participant observation and therefore provided more in-depth information.

4.6.3.2 A pilot interview

A pilot telephone interview was conducted prior to the interviews of the tour participants. Three female Taiwanese tour members known by the researcher from Coach A were selected (see Table 4.5). The international telephone calls were made from the researcher's office in Oxford in September 2001. Two respondents were interviewed in their office but the other interview took place when she was driving on the motorway in Taiwan. All interviewees were told that the researcher was doing research into customer travel experience and satisfaction and would like to know their opinions of the tour to Italy. A set of questions was pre-arranged before the interviews. These three interviewees were happy and had no problems in answering the questions. However, the interview

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with the respondent in the car did not run smoothly; the signals to the cell phone were interrupted a few times. The researcher found that timing was crucial for effective interviews; respondents would talk freely in off-duty hours. For better results, the researcher was limited to making phone calls during the morning hours due to the time difference between the UK and Taiwan. In order to slow the interviewees down, the researcher had to explain to the interviewees that international phone calls were not expensive. However, the time of the interviews was constrained to 15 to 20 minutes. There were no problems for note-taking during the telephone interviews since the researcher had known the participants well and had not told them that the interviewer was doing research when on the tour. Tape-recording might have made them feel uneasy and it was considered that informal conversations would be a better approach. The researcher then decided not to use tape-recording for the tour participants' telephone interviews.

Table 4.5 The profile of pilot interviewees

Names	Occupation	Gender	Age	Marital Status	Education	Travel Experience	Interview location
Hung	Training Manager	F	30*	Single	University	Extensive	In her office
Lin	Trade company	F	48	Married	College+	Some	In her car going home
Liu	Broadcasting company	F	31	Single	College+	Some	In her car going home

Note: * = About; + = above
       Some = only travelled a couple of times
       Extensive = more than two a year on average

4.6.3.3 Conducting telephone interviews

The pilot telephone interview had provided a guideline. The semi-structured follow-up international telephone interviews with the Taiwanese tour group participants from Coach B were conducted seven months after the tour. The length of time which elapsed risked the respondents not remembering. However, questions asked were not routine or of low salience to the respondents; the memories of experiences on the tour could be easily awakened through the conservations. A lack of internal validity could be ruled out. Based on the name list provided from the collaborating travel agency, a total of 23 out of 33

participants were interviewed over 3 weeks for an average of 20 minutes for each interview (see Table 4.7). Many participants were called more than once. Attempts to contact the participants were given up if the third call failed to reach them. The majority of the respondents seemed happy or surprised to hear the researcher's voice. Before asking the related questions, the researcher spent time chatting with the respondents in order to create a reasonably congenial atmosphere and to refresh their memories. Informal interpersonal conservations with a subject of mutual interest (Kvale, 1996) enabled the researcher to explore further questions. Questions relating to satisfaction and dissatisfaction were pursued with a view to evaluating the level of customer satisfaction/dissatisfaction with the package tour (see Appendix 4.2). The respondents had no problems in answering most of the questions and were also able to be critical of service incidents from the tour except regarding the issue of the tour leader and the tipping. They seemed to hesitate and be cautious about answering these questions. In Chinese culture, many respondents answer questions using understatement, such as saying 'not bad' when they actually mean 'good' in general terms. However most of the interviews lasted long enough to collect all the data needed even though the respondents seemed a little uneasy about the international phone call.

Table 4.6 The profile of participating group members

Family groups	Names	Occupation	Gender	Age	Marital Status	Education	Travel Experience
Grey haired couple	GrH	Retired	M	60	Married	n	Limited
	GrW	Retired	F	60*	Married	n	Limited
Chi family	ChC	Trade	F	56	Married	University	Moderate
	ChD	Service Ind.	F	25	Single	College	Some
	ChL	n	F	25-30	Married	n	n
	ChS	n	F	25	Single	n	n
	ChN	student	F	20-25	Single	n	n
Pan family	PaP	Airlines	F	40	Married	University	Extensive
	PaS	Private Co.	F	30-35	Single	College+	Some
	PaD	Child	F	8-10	Single	Primary	Limited
Mr. Ghing	PG	Advertising	M	46	Married	n	Extensive
Mr. Hung	HH	Management	M	49	Married	University+	Extensive
JaC couple	JaH	Retired	M	63	Married	Master	Extensive
	JaW	Retired	F	60	Married	n	Extensive
Conti couple	CoH	Retired	M	70	Married	College	Extensive
	CoW	Retired	F	60-70	Married	n	Extensive
Amer couple	AmH	Watch Ind.	M	30*	Married	College+	Extensive
	AmW	None	F	30*	Married	College+	Extensive
Economic group 8	EDM1	Government	M	30*	Single	College+	Some
	EDF1	employees	F	50	Married	College+	Extenisve
	EDF2		F	50*	Married	College+	Extensive
	EDF3		F	50	Married	College+	Moderate
	EDF4		F	40-50	Married	College+	Moderate
	EDF5		F	47	Married	College+	Moderate
	EDF6		F	42	Married	College+	Moderate
	EDF7		F	40-50	Married	College+	Moderate
Sisters family	C1	Insurance	F	49	Married	Sen. High	Moderate
	C2	Public serv.	F	46	Single	College	some
	C3	Private Co.	F	30-35	Single	College	Moderate
Siblings group	SL	Private Co.	F	39	Married	College	Extensive
	SC	Private Co.	F	33	Married	Sen. High	Moderate
Bank boy	BB	Bank	M	29	Single	College	Limited
Bank girl	BG	Bank	F	35*	Single	College	Extensive
Mia family	MiH	Management	M	50-55	Married	College	Extensive
	MiW	Retired	F	50-55	Married	College	Extensive
	MiF	Retired	M	70-75	Married	n	n
	MiM	Retired	F	70-75	Married	n	n
Trade company	TC	Trade	F	30-35	Single	College	Some
	TG	Trade	F	30-35	Single	College	Extensive
Remarks:	39		10 M 29 F				

Note: * = About; + = above; n = none available
    Limited = not much travel experience
    Some = only travelled a couple of times
    Moderate = one holiday a year on average
    Extensive = more than two holidays a year on average

Table 4.7 Group members who took part in the telephone interview, contact frequency, and response to the questionnaire

Family groups	Names	Gender	Contact frequency	Telephone Interviews	Response to questionnaire
Grey haired couple	GrH	M	High	Yes	Yes
	GrW	F	High	Yes	No
Chi family	ChC	F	Middle	Yes	Yes
	ChD	F	Middle	Yes	No
	ChL	F	Low	No	No
	ChS	F	Low	No	No
	ChN	F	Low	No	No
Pan family	PaP	F	High	No	No
	PaS	F	Middle	Yes	yes
	PaD	F	Middle	No	No
Mr. Ghing	PP	M	High	Yes	Yes
Mr. Hung	HH	M	High	Yes	Yes
JaC couple	JaH	M	High	Yes	Yes
	JaW	F	High	No	No
Conti couple	CoH	M	High	Yes	Yes
	CoW	F	High	Yes	No
Amer couple	AmH	M	Middle	No	No
	AmW	F	Middle	No	No
Economic group 8	EDM1	M	Middle	Yes	Yes
	EDF1	F	Middle	Yes	Yes
	EDF2	F	Middle	Yes	Yes
	EDF3	F	Low	Yes	Yes
	EDF4	F	Low	No	Yes
	EDF5	F	Low	No	Yes
	EDF6	F	Low	No	Yes
	EDF7	F	None	No	No
Sister family	C1	F	High	Yes	Yes
	C2	F	Low	No	Yes
	C3	F	Middle	Yes	Yes
Siblings group	SL	F	High	Yes	Yes
	SC	F	Middle	Yes	yes
Bank boy	BB	M	High	Yes	Yes
Bank girl	BG	F	High	Yes	Yes
Mia family	MiH	M	Low	No	No
	MiW	F	Low	Yes	Yes
	MiF	M	None	No	No
	MiM	F	None	No	No
Trade company	TC	F	High	Yes	Yes
	TG	F	Low	yes	Yes
Remarks:	39	10 M 29 F		23 Yes 16 No	24 Yes 15 No

Note: * Contact frequency – the level which the researcher had personal conservations with the participants. High – daily contact; Middle – at least one or two days; Low – sometimes None – never having conservation

* Respond to the questionnaire – participants who filled out a questionnaire conducted by the tour leader when on the tour

4.6.4 The company's own research

Traditionally, the majority of the travel agencies conduct their own research on customer satisfaction. The collaborating travel agency was no exception. At the start of the trip to Italy, the collaborating company agreed to provide all the data from the questionnaire survey conducted by the tour leader on the last day of the tour. A total of 24 questionnaires were collected from the tour participants of Coach A (see Table 4.7). Despite some inadequacies with the questionnaire (common in such research instruments as created by tour companies), the data were used to complement any minor gaps in research from the participant observation. The main findings related to customer service preference and indicated the level of overall dis/satisfaction of each individual towards this particular package tour.

4.7 Data analysis

Qualitative analysis involves coding data and categorizing the evidence. Qualitative data analysis is concerned with two things: data reduction and interpretation (Holland, 2002). It is the process of bringing order to unstructured data and reducing data to manageable chunk (Dey, 1993; Rossman and Rallis, 1998; Holland, 2002). It brings meaning by generating concepts and theories and communicates the meaning of findings regarding the concepts and themes in the existing literature (Holland, 2002).

4.7.1 Data preparation

Data from participant observation, in-depth interviews with managers of travel agencies and follow-up telephone interviews with tour members were collected in different ways during the initial stage. The data collected from participant observation (tour members are Taiwanese) was initially written in English to avoid the problem that tour members might see it. The field notes made throughout the observations were restructured/added immediately at the end of the tour which enabled the researcher to recall daily on-tour activities including verbal and non-verbal aspects. The in-depth managerial interviews of

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travel agencies were tape-recorded and a few key themes and the day's activities, such as the date, names, times, places, and settings, were written down soon after an interview was finished. However, due to the travel schedule, the researcher could not analyze data immediately. Rossman and Rallis (1998) and Daymon and Holloway (2002) stated that it is advisable for data collection and analysis to have simultaneous interplay. Nevertheless, the recorded data in the tapes were repeatedly listened to, to ensure that all the detailed contexts were written down even though the data might not seem to be relevant to the questions. The main recorded data from interviewees were made in the researcher's own language (Chinese) and were transcribed by the researcher himself into English for further analysis since the researcher is the best person to know the themes of conversation and the context of the interviews. The follow-up telephone interviews with tour members were written up in Chinese immediately - along with the conversations. All the interviews were conducted in the late afternoon or evening in Taiwanese time to ensure that the interviewees were free to talk. The data were transcribed into English by the researcher himself after all the interviews were completed.

It is important that the collected data is presented in a workable format before proceeding with the data analysis (Turner, 1983; Hampton, 1999). During the transcribing of data from written notes to computer version, the collected data were relocated in the same category since very often the interviewees answered a question in a different time frame. The researcher finally became intimately familiar with the data after transcribing and rewriting them several times. Mason (1998) notes that re-read data transcripts enable the researcher to locate the concepts and link each concept. The task is to identify salient themes, recurring ideas, and patterns of belief that help the researcher to reply to research questions (Rossman and Rallis, 1998). Rossman and Rallis (1998) considered that researchers should familiarise themselves with the data and know the salient themes and meaning embedded in the data. The researcher followed Robson (1993) who suggested a few rules for dealing with qualitative data: dealing with the data should not be a routine or mechanical task; analytical memos should be used to help to get the data to a conceptual level; there is no one 'right' way of analyzing qualitative data; data should be taken apart in various ways and then put together again to form a consolidated picture; and finally, the main tool of analyzing data is comparison. Strauss and Corbin (1998)

emphasizes that making a comparison of data is essential for identifying categories and for their development.

Using a computer for analysis

There is a longstanding argument about the advantages and disadvantages of using computer databases for qualitative data analysis. It is quite clear that a computer can help to analyse data in a more effective way – it is even relatively effective in supporting theory building, but a computer cannot interpret or analyze data; the identification of significant themes, patterns, categories, and interpreting of data still has to rely on the researcher (Easterby-Smith et al., 1991; Tesch, 1992; Dey, 1993). However, the computer provides an excellent means for storing, accessing, and managing data. It helps researchers to think and think differently, it enhances what researchers already do and opens up new possibilities. Dey (1993) indicated that the core of qualitative analysis is twofold: to select a bit of data and to assign it to a category. To accomplish this task, it involves laborious chores, such as storing and organizing data, searching, filing and indexing data, and coding, retrieving, annotating, and displaying data. The computer allows these tasks to be achieved with efficiency, and qualitative analysis software is good at those mechanical research tasks (Holland, 2002).

4.7.2 Analytical technique

In spite of the above many researchers prefer to analyze data manually and there are other various techniques to analyse qualitative data. Holland (2002) suggested that before deciding whether or not to use the aid of computers, one should decide where ones project fits in terms of data complexity (the number of participants and the interaction between data) and predictability (the sources of data and coding system). In this research, the researcher inclined to use computer software for data analysis since computer packages offer useful help in examining a large volume of data (Silverman, 2000), even though it may take time to learn the package. There are many specialized computer software packages available for the management of text in qualitative data such as The Ethnograph, ATLAS.ti, Hypersoft, Hyperqual, QUALBRO, HyperRESEARCH, Nvivo,

winMAX, and QSR NUD*ist. Their capabilities of software vary and might not fit appropriately with the data one generates. Nevertheless, the researcher experienced analyzing qualitative data manually and concluded that it was time-consuming and less effective. The pitfalls of using a computer database described by Easterby-Smith et. al. (1991) should not exist if the researcher proceeds with the analysis closely. The technical emphasis in software innovation has also encouraged a more flexible and pragmatic approach to developing and applying qualitative methods (Dey, 1993). Considering the challenge of learning new techniques, advice from colleagues, the popularity of using computer-aided qualitative data analysis software, and the availability of software, NUD*ist was chosen as a tool for the data analysis. NUD*ist is particularly useful on research projects which have large numbers of interviews and have the same interview schedule. The software enables the researcher to conduct a thematic analysis within and between documents. It is a very useful tool for the purpose of comparison between interviews.

NUD*ist (Non-numerical Unstructured Data Indexing Searching and Theorizing) is a computer package designed to aid users in handling non-numerical and unstructured data in qualitative analysis, by supporting processes of coding data in an Index System, searching text or searching patterns of coding and theorizing about the data. A NUD*ist project is organized in two interlocking sub-systems, linked by search procedures. The Document System contains information about every document whether imported or external and optionally, a memo about it. If the document is imported, it also contains the text of the document and annotations to it. By exploring and coding documents, the researcher links them to categories the researcher makes in the Index System. The Index System is made up of nodes (codes), which contain your thinking about the project. Nodes store the index categories constructed by the user. With the category is stored information such as the title and definition of the category, a memo of ideas about it and references to the parts of documents coded at the node. The search procedures allow the researcher to search either document text or coding nodes to discover and explore patterns and themes, and construct and test theories (QSR NUD*IST 4 User Guide, 1997).

The Index System allows the creation, management and storage of ideas and categories. A node is a specific location in the coding database which contains links or references to coded text. Coding (stored in the node) can be applied with text on screens. The Index System can contain Free Nodes (for unconnected ideas) and Index Tree (for connected ideas) (see Appendix 4.3). Storing nodes in a hierarchical Index Tree enables the researcher to organize data, clarify each concept and identify their relationship. Categories are created from the nodes. New patterns are discovered, and new theories are constructed and tested by exploring their links through the Index Search.

Before importing files that are saved in Word or other word processing packages, the files must be reformatted in a form that NUD*ist can read (QSR NUD*IST 4 User Guide, 1997). In addition, the data need to be very well transcribed to accurately reflect each theme/phenomenon, so as to achieve better coding results (each coding text unit is defined by where the hard returns is in the document). The efforts make the researcher have a much closer relationship with the contexts of the data. Coding is the first step and a major task for data analysis. The researcher wrote down each potential code before the evidences were coded. New codes were found and were added into Free Nodes or the Index Tree. Frequently, if the new immersed codes were against the original examples then the original codes would be modified or refined or merged together. Some passages may be coded in more than one code since they relate to more than one theme that the researcher has identified. Occasionally, some passages are found not to fit when comparing evidence against a code. The software provides an easy way to alter those mistakes. If the same phenomenon was coded twice, the computer will automatically count only one. At the end, the results of coding can be verified through Node Search to ensure that all the documents were properly coded. The relationship between each category can be identified through the display of Index Tree. A report can be generated through Index Search options.

In conclusion, computer software tools analysis is able to operate domain analysis with different approaches. A symbolic category and sub-categories can be constructed as domain analysis as well as its semantic relationship (the link between the terms) but in a more effective way. The researcher does not consider that the computer analysis software

will prevent the researcher from being deeply involved in words and the flow of events. Using computer analysis software does not mean that a human instrument is not involved or the researcher's personal enthusiasm will be restricted. On the contrary, it may develop much more interesting results and interactions between themes. However, the researcher concludes that computer packages offer little help in examining small volumes of data or for uncomplicated/descriptive analysis or for researchers who are time limited.

4.8 Reliability and validity

The concepts of reliability and validity are derived from measurement theory and psychometrics (Oppenheim, 1992) and traditionally, they are often used in quantitative research. Oppenheim (1992) explained that:

> 'reliability refers to the purity and consistency of a measure, to repeatability, to the probability of obtaining the same results again if the measure were to be duplicated' and
> 'validity, on the other hand, tells us whether the question, item or score measured is what it is supposed to measure' (p.144).

This view is taken from positivism; it indicates that when experimental conditions are properly controlled, a repetition of an experiment should produce the same results. However, qualitative research tends to determine what things exist rather than to measure or predict the outcomes (Walker, 1985). It could be said that the positivist model is rarely the case in social science, because it deals with human beings who are subject to change over time (Veal, 1997). Based on different purposes, social researchers argued that as long as we treat social phenomena as always in flux, it makes no sense to worry about whether our research instrument was measuring accurately. However, Silverman (2000) considered that such a proposition seemed to be inappropriate and would rule out any systematic research. Kirk and Miller (1986) argued that the quality of field research will always lie in aiming to sort out the validity of propositions and it is inevitable for the qualitative researcher to document the research procedure in order to calculate the reliability. They also emphasized that reliability and validity concepts should apply equally well to qualitative observations.

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In applying the use of reliability and validity in quantitative and qualitative researches, there are slight differences. In the light of phenomenology, Hammersley (1990) claimed that:

'reliability refers to the degree of consistency with which instances are assigned to the same category by different observers or by the same observer on different occasions', (p.67)

'.... (by) validity, I mean truth, interpreted as the extent to which an account accurately represents the social phenomena to which it refers' (p.57).

Based on these two explanations, we can assume that reliability and validity are highly related in a quantitative approach but are by no means symmetrical; validity cannot exist without reliability. It is possible to have a measure that is highly reliable but of poor validity, conversely, a measure which has excellent validity must also be reliable (Kirk and Miller, 1986; Oppenheim, 1992). Hence Kirk and Miller (1986:21) stated that 'social science has relied almost entirely on techniques for assuring reliability but "perfect validity" is not even theoretically attainable'. On the other hand, in a qualitative approach, reliability and validity are approached separately. It very much depends on the respondents' ability and willingness (Oppenheim, 1992) and the researchers' objectivity in retrieving the data.

Because of built-in sensitivity, it is quite apparent that the qualitative investigator makes assumptions about human meanings, situations, and attributes according to the investigator's own bias (Kirt and Miller, 1986). Mehan (1979) noted that the strength of ethnographic field studies is to give rich descriptions of social settings but that conventional field studies tend to have an anecdotal quality. Furthermore, Silverman (2000) suggested a few interrelated ways to validate the findings of qualitative data analysis which are comprehensive and are considered to be helpful. They included: 1) the refutability principle – to seek to refute the initial assumptions in order to avoid spurious correlations; 2) the constant comparative method – to find another case to test out a provisional hypothesis; 3) comprehensive data treatment with deviant-case analysis; 4) using appropriate tabulations - simple counting techniques can offer a means to qualitative research.

This study is not trying to measure 'inside' the respondent, but rather uses the respondent as an informant for collecting the 'facts'. Concerning objectivity, Robson (1993) suggested that a series of interviews combined with observation could validate the collected data. In this study, of course, customer travel experience was viewed through participant observation first, and then was combined with a series of interviews and questionnaire surveys.

4.9 Conclusions

This chapter has discussed the research philosophy and design, methods for data collection, and data analysis. A qualitative research approach was chosen and research strategies were developed for data collection. In order to gain insight into information regarding customers' travel needs and emotional feelings about service encounters, participant observation on a guided package tour was adopted for the primary data collection. Concerning objectivity and validity of collected data, customer travel experiences were also reviewed through a series of telephone interviews. Questionnaire surveys which were conducted by the collaborating travel agency were also used. Relying only on the consumer viewpoints could not disclose the full scenario of customer satisfaction. In-depth, face-to-face interviews with management from travel agencies were planned and this approach was expected to enhance a deeper understanding of travel agency practices in providing customer services as well as in developing customer relationships. Due to the researcher's background and personal relationships with travel agencies, the researcher had no problems in gaining access to participant observation and interviews with travel agencies.

Although many researchers prefer to analyze data manually, considering the nature of the collected data and the popularity of using a computer software package for qualitative data analysis and its effectiveness, NUD*ist computer software was used for data analysis.

Chapter 5: The findings of travel agencies' interviews

5.1 Introduction

This chapter consists of the profiles of the interviewed travel agencies (T/A) and the findings of these interviews. Eleven systematic pre-designed open questions which were divided into 5 general categories, formed the basis of the interviews. These 11 questions yielded primary data and secondary data (the profiles of T/As) which are presented under 4 main themes, 18 categories and 9 sub-categories (see Figure 5.1).

Based on the interviewee answers from A-Type T/As and General T/As, several themes which relate to T/As' service performance and customer satisfaction were developed. Figure 5.1 shows the categories and sub-categories which are related to the T/As' service performance and customer satisfaction. These themes include employees, the tour leader (TL), customer services and customers' dissatisfaction or satisfaction. Within each theme, several categories and subcategories, where appropriate, were identified.

Before discussing the findings in each category/sub-category, the background profiles of the interviewed T/As and their marketing strategies are presented (see Table 5.1). The background information shows their scale and role in the current Taiwanese tourism market. The marketing strategies - the price of products, the type of products on which they focused, whether they were members of the ISO (International Organization for Standardization), whether or not they imposed a ' head tax' (the TL has to pay a fee in order to guide a tour), influence employees' performance in servicing customers and their relationship with customers. These profiles also show the differentiation between A-Type and General T/As.

Figure 5.1 Categories for the findings

```
                                                         ┌ Educational background
                                 ┌ Qualification preference:│ Related experiences
                 ┌Employees:     │                         └ Personality
                 │               │ Training:┌ Schemes
                 │               │          └ Purposes
                 │               └ Expectation
                 │
                 │                           ┌ Preference (Freelance or staff)
                 │               ┌ Selection:│ Qualification (Licence)
                 │               │ Training schemes
 Travel agency   ┌ Tour leader:  │ Expectations (in service)
 (A & General)   │               │ Tipping policy
                 │               │ Commission
                 │               └ Problems
                 │
                 │               ┌ Pre-tour: ┌ Travel induction
                 │               │           └ Travel contract
                 ┌ Customer services:│ On-tour
                 │               └ Post-tour
                 │
                 │               ┌ Evaluation
                 │               │ Handling complaints
                 ┌ Dis/Satisfaction:│ Subjects of complaint
                                 │ Reasons for complaint
                                 │ Important factors
                                 └ Current customers
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5.2 The profiles of the travel agencies interviewed

Interviews with 19 T/As were conducted; they included 10 A-Type T/As and 9 General T/As. Table 5.1 shows the T/As' background profiles and their marketing strategies. These background profiles include the category of T/A (A-Type first, then General T/As), the number of branches, employees, and years of history in the tourism market. The profiles of T/As show the scale of the impact of their organization in the tourism market – the general public in Taiwan believe that older and larger firms are more dependable. The marketing strategies show each T/A's product focus, pricing, and service quality (ISO – International Organization for Standardization). The Table 5.1 also indicates each T/A's policy toward their TL in terms of a daily fee and 'Head Tax'.

Table 5.1 The profiles of the T/As

Travel Agencies	Branches	N. of Y	Employees	Product focus	Market focus	Daily fees	Head Tax	ISO
CH1-A	4	53	100	General	Luxury	No	N	
GO2-A	1	9	40	Special tours	Medium	Y-Good	N	
FA3-A	7	10	90	General	Luxury	Y	N	
EV4-A	3	9	60	Short-haul, Mainland China	Budget		N	
FR5-A	4	27	160	Short-haul	Medium	Y	N	ISO
DR6-A	10	42	200	Long-haul	Luxury	Y-Good	N	
FO7-A	3	26	30	Special tours	Budget		N	
EU8-A	2	8	60	Cruise	Luxury	Y-Good	N	
WO9-A	2	26	200	Short-haul, works with other direct sale T/As	Medium	Y but not for short-haul	N	
CI10-A	2	6	50	Long-haul or special, to be a wholesaler	Medium	Y-Good	N	
PR1-G	7	11	150	General	Medium	No	YES	ISO
RO2-G	8	42	170	General	Medium		YES	
RE3-G	3	12	100	General	Budget	Y but no for short-haul	N	
PH4-G	3	40	267	Long-haul	Luxury	Y	N	ISO
CA5-G	6	16	262	General	Budget	Y	N	ISO
RI6-G	7	20	350	General	Medium		N	
TA7-G	2	28	200	General	Medium		YES	ISO
FO8-G	6	8	96	Long-haul, wholesaler	Medium	Y-Good	N	
SI9-G	5	5	190	General	Medium		N	ISO

- A = A-Type Travel Agency
- G = General Travel Agency
- N. of Y = Number of years in business
- General = have all kinds of travel products
- Short-haul = the T/A's products focus on short-haul destinations, such as Asian tours
- Luxury means offers luxurious or expensive tours
- Budget means offers budget tours
- Y = means have offered daily fees for TLs
- Good = Travel agencies consider that the daily fee they pay is better than the average paid by travel agencies in general
- ISO = International Organization for Standardization
- Blank spaces mean data non-applicable or not available

Background profiles

All the main offices of these T/As' are located in the capital, Taipei. The T/As' branches are located in different cities rather than being scattered around one area of one big city (such as all in Taipei). A T/A, which has more than 5 branches, is considered as a nationwide T/A since its offices cover the major cities.

A T/A, which has more than 20 years' history in Taiwan, is considered to be an old firm. Since 1979 the Taiwanese government has lifted the restrictions on licensing T/As resulting in the emergence of many new T/As. Among this sample there are 8 T/As that were organized before the restriction was lifted. CH1-A, an A-Type T/A, is the oldest company in Taiwan. The table shows that many old T/As still retain their original operational structure - remaining in the A-Type T/A category and have not expanded their business into the wholesale market. Based on the number of full-time employees, many in the sample have more than 200 employees and are considered to be large T/As in the current market. General T/As hire more staff than the A-Type T/A and have more branches than the A-Type T/A.

Market strategies

A T/A's marketing strategies might be related to its background, the scale of the company and its employees' professional specialities. In fact long-haul destination tours are much more complex to operate than short-haul destination tours – they involve more days, different cultures and languages. Cruise tours and special tours are considered hard to handle and charge higher prices than other tour products and as such they demand more skilful employees who need to give more attention to their customers. The policy of paying a daily fee and charging a 'Head Tax' is considered important in relation to the TL's service. Customers have confidence in a firm which is a member of the ISO. Joining the ISO has become common for many large firms including some of the large T/As.

The quality of a travel product particularly the hard elements such as the hotel rooms and the restaurants used by a T/A normally depends upon its price. Usually a higher price indicates a more luxurious travel product. However, in certain circumstances, it is not necessarily true since the higher price charged might be because of a T/A's good image in the market place. In general, the General T/A provides a wider range of products than the A-Type T/A. However, the General T/As tend to offer more mid-price products whilst the A-Type T/As tend to offer more variation in price since their products are more diverse.

An A-Type T/A is more likely to focus on specific geographical areas than on general ones. For example, EV4-A, an A-Type T/A, focuses on short-haul tours, mainly to Mainland China and sells cheaper travel products than other T/As. FR5-A, another A-Type T/A, focuses on mid-price Japanese tours. DR6-A, which sells higher price tour products than others, includes any extra tours (other travel agencies may consider they are optional tours) in one package tour. This is unusual since this is likely to make it less attractive due to the high price image. FO7-A, focuses on special tours, of which not many are found in the market, and charges lower prices than others. EU8-A only provides long-haul destination tours and focuses on cruise tours. It also charges a much higher price than other T/As. WO9-A, which is a direct sale T/A but collaborates with other direct sale T/As, believes that selling short-haul tours gives them a better chance of surviving. Unlike other A-Type T/As, CI10-A focuses on long-haul tours and acts as a wholesaler rather than providing direct sales.

The General T/As, most of which are wholesalers, provide a broader range and diversification of products. FO8-G focuses on long-haul destinations but does not sell directly which is unusual since the majority of other General T/As operate both on a direct sales and wholesale basis. Two General T/As indicate that they sell budget tours. PH4-G sells luxury tours, whereas other General T/As provide medium-priced tours.

Daily fees

A daily fee is the allowance given to a TL who escorts a tour overseas – this applies both to salaried employees who lead an overseas tour and to freelancers who do not get a salary but receive a daily fee from the T/As. In the current Taiwanese travel market, some T/As do not pay their staff a daily fee especially those who lead short-haul destination tours. In general the T/As assign a local guide to assist the TL on short-haul tours.

Many T/As do not pay their TLs daily fees (FA3-A). Table 5.1 shows that two companies do not provide any daily fees at all for their TL - CH1-A, an A-Type T/A, only uses staff as TLs and does not pay them a daily fee in order to reduce the cost of the tours and another, PR1-G, a General T/A, considers that freelancers lack loyalty

and therefore should not be paid a fee. However, two others provide a daily fee but only for long-haul destinations not for short-haul destinations.

Table 5.1 also shows that more T/As pay a daily fee to their TLs than those who do not. Among the sample, 5 T/As indicate that they provide above average daily fees for their TLs and the data shows that A-Type T/As are more willing to offer higher daily fees.

Some T/As indicate that their company pays a daily fee to ensure better control of their TLs. Some believe that the TL is likely to provide a better service if they get more pay (DR6-A, EU8-A). Without daily fees, the TL earns less and this may have a negative influence on their job performance. It is interesting to know that a General T/A, PR1-G, not only does not pay its TLs a daily fee but also charges the 'Head Tax' and is a member of the ISO. This contradiction seems to diminish the significance of its membership of the ISO.

Head Tax

'Head Tax' is a fee charged by the T/A to a person who leads an overseas tour. This unusual phenomenon occurred several years ago in some T/As. A person is asked to pay a fee based on the numbers of tour members before he or she leads a tour. A General T/A, PR1-G, stated that the amount of the 'Head Tax' depends upon the destinations and the shopping opportunities. The reason the travel agency charges a 'Head Tax' is because tour leaders usually get commission from the shopping outlets and optional tours. The money which tour leaders earn depends on many service personnel supports, therefore it is thought that the commission should not entirely go to the tour leaders; the front-line personnel should share some of it as well. Another General T/A, RO2-G, stated that most of the large T/As charge the 'Head Tax' nowadays, and their company charges TWD 150.00 (about GBP 3.00) for most European destinations, and TWD 100.00 for American destinations. One General T/A - a member of ISO - did not think that charging a 'Head Tax' was right but the company stated that '*most wholesalers (General T/As) charge the Head Tax and my company is the last one to do so. If we do not do it, we would not be able to compete with the others*' (TA7-G).

Charging the 'Head Tax' mainly occurs on Southeast Asian destination tours. This action definitely affects TLs' service quality because they want to get the money back from the tour members when on the tour by encouraging shopping or optional tours so that they can earn more commission. Based on Table 5.1, this phenomenon only happens in the General T/A - 3 T/As have adopted this policy – and none of the A-Type T/As use it.

The ISO

Membership of the ISO (International Organization for Standardization) is an assurance of quality and it indicates that the certified company should offer a certain standard of service or product to the customers. Many companies join the ISO to standardize their operational and service procedures. In order to reach the standard, employees need to be trained to deliver a standardized service quality. It is an assurance of service and product quality which the T/A can use to provide confidence and a good image to their customers.

Table 5.1 shows that only one A-Type T/A belongs to the ISO and, in contrast, 5 out of 9 General T/As have joined the ISO. This indicates that General T/As are more willing to standardize their service performances – it is beneficial for those who have a large number of tours per year. In contrary, A-Type T/As are less interested in it since they are much more feature-oriented and flexible. Although to be a member of the ISO can help to promote selling not all the A-Type T/As, particularly the small size T/As, can afford it. Additionally, not all the interviewed T/As believe that membership of the ISO is practical and attracts customers. One A-Type T/A, FA3-A, said that ' *customers do not believe in the ISO*'; another A-Type T/A, WO9-A, stated that '*we do not consider it necessary to join the ISO since a company can buy the title*'. Even a General T/A, FO8-G, stated that ' *we do not do the ISO because there is no need for a T/A to do so. It is impractical.*' Their views can be sustained from the collected data since 2 General T/As, which joined the ISO, also charge a Head Tax on their TLs which seems to contradict the concepts of the ISO since charging a Head Tax affects TLs' service performances.

5.3 Employees

As part of the service industry, manpower is a major resource for the operation of travel agencies. It relies heavily on good quality service by staff. Educational background, previous experience, and the personality of an employee have a significant influence on customer service quality.

5.3.1 Employee's selection

The interviewees were asked what criteria they employed in recruiting new employees. Their preferences when recruiting new employees were indicated in three aspects. These were educational background, previous experience, and personality.

Educational background

In Taiwan, people at managerial level generally believe that a person with a college diploma or university degree (BA/BSc degree) has better language skills and is more knowledgeable if this person's major is in tourism-related subjects. General T/As seem to have more sophisticated requirements in their preference for educational background in hiring new employees than A-Type T/As which may relate to their diversified products. Tables 5.2 and 5.3 (see Appendix 5.1) show the degree of preference in selecting a new employee. Eight out of 19 T/As mentioned that they would prefer to hire a person with at least a college diploma when considering their educational background. This shows that the high educational background of employees is crucial and T/As prefer to recruit an employee who has had some higher education. Some General T/As even require a new employee to have a university degree. Having a tourism-related degree seems to be an advantage in selection. Many General T/As indicate that they are more willing to hire new staff with a tourism-related educational background because they have the basic concepts, are much more knowledgeable about the tourism business, and need less training. However, One General T/A does not consider that a degree and tourism background are so vital. This may relate to its focused products – as a pure wholesaler, its business is associated only with travel agents.

The tourism industry is an international business; it needs employees who have foreign language skills to operate the business. Language skill mainly refers to capability in spoken English. In order to develop a rewarding career in the tourism industry, having English language skills is crucial. Some T/As indicated that employees who do not have adequate language skills would not stay long in the company, since employees do not receive a good salary unless they can escort tours overseas. Table 5.2 shows that the A-Type T/As are more concerned with their new employee's language skills than the General T/As. This is related to the fact that A-Type T/As actually use more staff than freelancers to lead their overseas tours (also see Appendix 5.1, Table 5.8).

CH1-A states that *' our TLs are chosen from the salespeople, we do not hire freelancers.'*

WO9-A states that *'our TLs come from both freelancers and the company's salespeople, but generally speaking the company prefers all the tours to be led by the salespeople. However, we have a large quantity of tours and we need freelancers to support them.'*

CI10-A states that *'if staff want to earn more money and have a good future, they need to get a TL's licence.'*

Travel agencies are becoming more dependent on technology and need to hire employees who know how to use a computer. Using the computer allows the company to operate efficiently and provide better customer service. The A-Type T/As seem to have more interest in selecting an employee with computer skills but this does not mean that the General T/As have no such interest. Since on average a General T/A is much larger in all aspects than an A-Type T/A, they will rely on computers and will probably have support in computing skills or training from a team of computer specialists.

Previous work experience and personal characteristic preference

T/As have different recruiting policies in their selection of new employees regarding previous work experience and personality. Although a person who has previous travel experience can fit into the job much more quickly, some companies consider that such

people are unreliable or lacking in company identity (based on Chinese culture, some companies actually consider that employees' loyalty is much more important than their capability). Table 5.4 (see Appendix 5.1) shows that two A-Type T/As prefer to hire a person without any previous tourism-related experience but who is interested in tourism since they consider that they will be more loyal to the company. These two companies are large firms among the A-Type T/As. General T/As are more flexible in the aspect of whether their employees have previous tourism-related experience or not – 5 out of 9 mentioned that they hire both and only one considers that those with previous experience are more likely to be accepted. However, many of the interviewed travel agencies are willing to hire experienced people but their personality characteristics would be of concern. Several T/As mention that if they have to hire an experienced person they would be concerned about his/her moral conduct.

Nevertheless, the personality of a new employee is crucial; some T/As even consider that it is more important than experience. A person who is interested in the job is more stable and likely to stay longer. The concerns about a new employee's personality are varied and there is no standard response but many are concerned that the personality of the new employee should fit into the T/A's needs. Travel agencies expect that the new employee's personality will include courtesy, good communication skills, initiative, maturity, flexibility, carefulness, good conduct and selling skills. One T/A even stated that they prefer to hire a person who is older than 30. A person with good conduct seems to play an important role in the General T/A. This is because a person who works in the travel industry will be responsible for a large amount of money (customers tend to pay cash for tours). Also involvement in sexual relationships with clients is considered a taboo by some travel agencies. In addition, in the service industry, taking the initiative to serve customers is vital and T/As realize this and expect their employees to be capable of doing this.

5.3.2 Training schemes for employees

Training is essential for either new or existing staff, particularly for those who have no tourism-related experience and who have not majored in tourism-related subjects -

besides, every T/A has its own company culture and different techniques in selling and service.

A question was asked regarding the company's training schemes for new and existing employees. Only a few T/As have 'official training programs' – scheduled training programs for a group of new employees for basic tourism knowledge or tourism operational skills. Table 5.6 (see Appendix 5.1) shows that four T/As actually provide an official training program for their new employees. However, it is not clear how often these programs are held and what subjects are covered or whether they are carried out at each time of recruitment. In fact, it is very difficult for T/As to provide an official training program when they are only recruiting a few new employees each time. It is reasonable to believe that these T/As only provide an official training program when they recruit many new employees at once and only large firms could do so. As a result, the majority of employees in T/As rely on self-training.

Tables 5.5 and 5.6 show that the majority of T/As provide 'on-the-job training' – taught as is needed without being scheduled - either during office hours or out of office hours. Many of them actually adopt 'apprenticeship schemes' – seniors or the department head teach junior staff – which is prevalent among most of Taiwan's T/As. One A-Type T/A provides employees with an opportunity to join agent tours or travel fairs for practical experience which is considered very generous and practical. Another General T/A provides a unique training scheme called a 'training passport' which encourages all staff to learn different subjects for 'know how'. Each time staff finish a training course they earn a stamp on their certificate – a booklet - to indicate that a credit is granted. Staff receive a reward at the end of the year if the number of stamps on their 'training passport' has reached a certain number. The company wishes to cultivate knowledgeable employees and to develop their self-achievement to enable them to provide a better service for their customers. This company is one of the largest companies and is well known in the Taiwan tourism market. The company has received 'the excellent T/A award' from the Tourism Bureau and has joined the ISO. Theoretically speaking, T/As, who are members of ISO, should also have developed good training programs.

Tables 5.5 and 5.6 also show the T/As' training objectives. In fact, all their training focuses on familiarizing their staff with the company's products and some even require their staff to know the current competitive market products. Three T/As who are General T/As, mention that their training purposes also cover other subjects and one particularly requires their staff to care about the company's reputation.

In summary, many training schemes are based on on-the-job training or apprenticeship schemes. Staff in these companies are knowledgeable about their own products and are able to provide enough information, or get support from other staff, for their customers.

5.3.3 Travel agencies' expectations of service personnel

The interviewees were asked what the company's expectations were from service personnel in terms of customer service. Apart from staff knowing their own company's products, providing a good service to customers is expected and concerns most of the T/As. Even though the expectations of T/As from their service personnel are varied, the purpose is the same - to impress customers, offer a good image, and secure repeat business (see Appendix 5.1, Table 5.7). However, a few T/As seem to be pessimistic about their service personnel – they either had no expectations, or just expected to avoid customer complaints (FA3-A, FR5-A, PH4-G). One even has no confidence in its young employees.

Three interviewees mentioned that their companies expect employees to answer in-coming phone calls with good manners. The researcher found that the staff of many interviewed T/As did well in this respect when the researcher called in for appointments. However, one T/A' s phone lines were so busy in the morning that the researcher could not get through until the fourth attempt. Although calling for an appointment is not a part of my investigations it reflects the fact that keeping customers waiting on the phone might be irritating and this incident might happen to any T/A without their knowledge.

There is little difference in expectations from service personnel between the A-Type and the General T/A. However the General T/A not only has to service its direct

customers but also has to service its travel agents, and actually many General T/As' businesses is very dependent on their travel agents. Based on the collected data, several General T/As believed that building a good relationship with its travel agents is more dependent on offering a competitive price than on providing a good service (see FO8-G in table 5.11, Appendix 5.1)

Many companies try their best to please their customers and the expectations of their service personnel is high. Employees are encouraged to avoid customers' complaints, satisfy customers' needs, treat the walk-in customer to a cup of tea, use a ten-principle service guide-book, be patient even if a customer is annoyed. One T/A even mentions that *'employees should always say yes to customers.'* In fact, this phenomenon is prevalent in Taiwan's tourism market which also causes many differences in perception between travel agencies and customers. However, based on Table 5.5 (in Appendix 5.1), most training schemes seem to focus on selling skills and are less focused on service delivery. The T/As, CH1-A, FA3-A, and RI6-G, deliver more appropriate service concepts – everything that the employee says is treated as a contract and they do not say one thing and do another. These concepts may not be treated as a service skill but can be taught during the training session and may help to provide confidence and avoid conflicts.

In summary, the majority of T/As have problems in keeping their employees - the turnover rate is very high in general. The reasons are various – low salary, not enough respect, unstable or unsuitable staff - self-centred attitude of the younger generation who are less willing to provide a service (RE3-G). The high turnover rate discourages T/As from providing training schemes. One interviewee (FO7-A) stated that *'it is unfortunate that new employees leave soon after they have finished their training and I have lost my patience now.'* In contrast, to be able to keep employees in the company is something to be proud of. One interviewee (CI10-A) stated that *'their new employees were guided by senior staff and were taken good care of, so our staff turnover rate is low.'*

5.4 The tour leader

Apart from the salespeople and the front-line service personnel, the TL has the closest contact with group members and is the key person responsible for the entire tour when on tour. The TL's background, qualifications and training are important and will affect the quality of a tour. In general, the TL in Taiwan comes from two sources – the company's staff or freelancers. Company staff means full-time employees of the T/A in any department. Freelancer means a person who has a TL's licence or legal permission to escort an overseas tour but who is not a full-time employee of a T/A. The person can be working as a full-time career TL or may work as a part-time TL for many T/As or have another career and work as a TL in their spare time.

5.4.1 Selection of the tour leader and training

Table 5.8 (see Appendix 5.1) shows each T/A's preference in selecting TLs for overseas destination tours. Travel agencies' selection of TLs is very different and may depend on their products' characteristics. All the T/As indicate that they use staff as TLs. The majority of A-Type T/As use both staff and freelancers, except one A-Type T/A who indicates that they only use salespeople (staff) as TLs. More A-Type T/As prefer to use company staff than freelancers. CH1-A, an A-Type T/A, stated that ' *freelancers do not have the same goal as the company does'* and PR1-G, a General T/A, stated that *'freelancers have no loyalty.'*

Table 5.8 also shows that both A-Type and General T/As use salespeople – for motivation purposes or because they are required by clients - rather than administrative personnel to lead an outbound tour unless the tour is during the high season, or is a reward for hard work. CI10-A, an A-Type T/A, stated that *'sometimes the company lets their salespeople lead an outbound tour for the purpose of increasing their income even though their language skill is inefficient.'*

There are disadvantages to using salespeople as TLs – lack of language skill, difficulty in interpreting the local culture, and lack of experience in handling group tours. Still, the A-Type T/As are mainly engaged in direct sales and companies believe that salespeople will take more responsibility in servicing customers and that customers will feel more comfortable and confident with them.

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General T/As tend to use both salespeople and freelancers. This is because they are wholesalers and some of their customers come from other travel agents and also because they have large numbers of outbound tours each year and they do not have enough staff to lead them. Additionally, the job of their salespeople is to sell, not to escort tours therefore they need freelancers' support and tend to hire them to escort long-haul destination tours. Since most staff are less experienced in escorting a tour, T/As usually assign them to lead short-haul destination tours where there is normally a local guide to assist them.

Qualification of the TL

According to the regulations issued by Taiwan's Tourism Bureau, all TLs need to have a certified licence in order to lead an overseas tour. This includes T/A staff who want to be a TL. Overseas countries include Mainland China and her territories. Table 5.9 (see Appendix 5.1) shows each T/A's requirements in selecting a TL. Basically, all the freelancers are licensed TLs and supposedly are familiar with the destinations to which they go. The majority of T/As hire freelancers to lead long-haul destination tours where, in general but not invariably, they are without the support of local guides and therefore may require more professional skills, particularly language skills. Language skills are crucial for escorting a long-haul outbound package tour. Even though the TL has passed a foreign language test – mainly in English - their language skills are varied. CA5-G, a General T/A, has a strong TL team; one third of the company's TLs have a tour guide's licence, which indicates that their foreign language skill is much better than that of the average TL.

Professional skill is a vague concept and may be defined differently by each T/A. In general, it includes the skill of interpreting the local culture and tour guiding skills. The majority of T/As require their TL to demonstrate professional skills, especially freelancers. Most T/As are concerned about the job performance of their freelancers. Table 5.9 shows that General T/As are very strict on their freelancers in terms of language skill, experience, and professional skills and will evaluate their performance by customers' opinions. One T/A – CA5-G - does not allow its freelancers to work for other companies.

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Many T/As use staff who have a TL's licence to lead either long-haul or short-haul destination tours. Short-haul destination tours, especially Southeast Asian destinations, need fewer requirements in terms of professional skills since there is usually a local guide for backup. Table 5.9 shows that many T/As indicate that a licence is strictly required however two A-Type T/As and three General T/As allow unlicensed staff to lead short-haul destination tours even though they know that it is against the regulations. Their reasons include the cost of a licensed TL, shortage of manpower in the high season, and using the tour as a reward for senior staff who cannot get a licence due to language problems. Ironically, this also includes one General T/A which is well known is a member of ISO, and is very proud of its regulated TL system and service quality. This phenomenon may be due to the large number of overseas tours it operates in the high season since this company, PH4-G, operates about 1,000 outbound group tours yearly and has only about 20 freelancers. The company needs staff support for leading outbound tours.

Tour leaders' training schemes

More than half of the interviewed T/As did not respond to the question about the training programs for their TLs. Table 5.10 (see Appendix 5.1) indicates that the majority of T/As do not have official training programs. Some hold seminars occasionally or informal training courses. Apparently T/As do not hold any training programs for freelancers apart from a few scheduled meetings. For staff who work as TLs, their training is based on an apprenticeship scheme; licensed senior staff provide information for junior staff or staff teach themselves. One T/A, CI10-A, offers an opportunity for junior TLs to participate in a group tour for practical training – the beneficiary is required to sign a contract to work for a further year for the company. It helps junior TLs to gain real experience which definitely benefits the TL and the customers. Since on-tour training incurs extra costs for the T/A, it seems unlikely that many T/As will practice this.

5.4.2 Expectations of tour leaders

The interviewees were asked about their company's expectation of their TLs in terms of job performance. Table 5.11 (see Appendix 5.1) shows T/As' expectations of their

TLs in the service encounter when escorting overseas tours. Most of the T/As expect their TLs to provide a good service for customers and to satisfy their needs. Actually, Taiwan's TLs are expected to do all sorts of things for their tour members including explaining the local culture and events, taking care of customers' daily needs, and entertaining them. A few T/As even design guiding rules to caution their TLs on avoiding confrontation with their customers and in pleasing them. EU8-A expects their TLs to present a birthday gift to customers who coincidently have a birthday on the tour, One A-Type T/A, CI10-A, stated that although *'we do not wish our TL to check each of the customer's hotel rooms to ensure they are alright, even though this is very common in Southeast Asian destination tours, we do expect them to provide more individual, personal attention'* (the reason in Southeast Asian destination tours that some TLs will check each of the customer's hotel rooms might be because TLs have help from local tour guides and so the TL has more time to serve each customer. Besides, travellers who participate in Southeast Asian tours are generally considered less independent. Several A-Type T/As (FA3-A, FO7-A, WO9-A) expect their TLs to be always available. One interviewee said that Taiwanese TLs actually provide a 24-hour service.

In fact, when on the tour, the TL not only has to please their customers, but they also have to resist pressure from the local guides (or shopping guides) since normally the local guides will take customers to shop for shopping commissions and drivers may be reluctant to cooperate because of the long driving hours. Two T/As (EU8-A, PH4-G) even expect their TL to promote the company's other tour products in order to make a second sale.

The data show that the majority of T/As tend to be pessimistic about satisfying customers' needs. Many express the view that *'as long as the TL can solve customers' complaints overseas and not bring the problems back to the company we are satisfied.'* CA5-G, a General T/A, stated that *'as long as customers do not complain to the company, the company is satisfied.'* Another General T/A (FO8-G) stated that *'we do not need to provide a perfect service to our customers since our travel agents do not send their clients to us only on the basis that our products and service are perfect.'*

Travel agencies' expectations of their TLs are twofold – the positive and the passive expectation. A-Type T/As tend to have positive expectations - trust them and encourage them to provide a good service. The General T/A tends to have passive expectations - worries about their ethical principles and violating of the company's rules, such as collecting tips in advance, encouraging shopping or selling other optional tours for commissions, writing commission reports dishonestly, misbehaving with group members.

5.4.3 Tipping policy

In general, tipping is not customary for the general public in Taiwan – the service charge used to be automatically added to the bill. Tipping has only been a recent phenomenon on outbound package tours – evolving from western society. To avoid disputes occurring, a proposal of some standardized amount of tipping was necessary for tour members. According to the Tourism Bureau, the suggested tips are USD 8-10 per day per tour member and T/As are not permitted to force customers to tip. Customers can decide whether or not to tip. Nowadays, most customers know they have to tip the TL, drivers and the local guides unless tips have been included in the cost of the tour.

Tour leaders' income can vary. It may include a salary, daily fees, shopping or optional tour commissions and tips from the customers. Interviewees were asked about the companies' tipping policy for their TLs. All indicated that the company provided written suggestions encouraging customers to tip the TL, drivers, and the local guide. The written suggestions indicated that the amount of tips should be based on service satisfaction and should be explained to the customers during the pre-tour induction. Many TLs or administrative staff explain this to customers during the induction. For those who do not participate in the induction, the salespeople hand or mail the written papers to them. In the General T/As, the TL may mention it again at the airport. It is unusual for a T/A to inform their customers that they do not have to tip if they do not want to (see PH4-G).

In the current Taiwanese tourism market, the maximum suggestion for a tip is USD 10 per day per person for service providers. Based on Table 5.12 (see Appendix 5.1),

many of the interviewed companies suggested that their customers gave a lower tip than the average – USD 8 in total, USD 4 for the TL, USD 2 for the local guide, and USD 2 for the driver. If there is no local guide, then the TL (called a 'through guide' in this case) gets USD 6 per day. For short-haul destination tours especially for Southeast Asian destination tours, the suggested tip was even lower – TWD (Taiwanese dollars) 200 (about USD 6) a day per person. Contradictorily, two A-Type T/As – FO7-A and WO9-A - still include tips in the cost of some package tours, for example the incentive tours. This may be because the corporations, which sponsor the tour, are willing to pay all of the costs including the tips. Another reason may be that the organizer is worried that tour members may not know how to tip and may embarrass or upset the tour leader.

Both the collected data and the literature review reveal that how and when to collect the tip is crucial and is often criticized by customers. This happens when some TLs force customers to tip them or collect tips in advance. It is common for TLs to mention about tipping to the customers on the tour and to collect the tip from tour members for the drivers and the local guides. Again, it is not customary for tour members to tip the local guide or the driver directly, and unavoidably it becomes the TLs' responsibility to solve this problem. In a sense, it is a dilemma for TLs – to collect tips in advance for the local guides and driver, which is against the essence of tipping on a voluntary basis.

Table 5.12 shows that many T/As actually forbid their TLs to collect their own tips in advance but allow them to collect the tips for drivers and local guides beforehand. Some only allow their TLs to collect it after the halfway point of the tour. But very few will forbid their TLs to hint to customers about their tips or forbid them to collect tips for drivers and local guides (see EU8-A, who focus on cruises and charge higher prices for long-haul destination tours and PH4-G). EU8-A stated that *the TL should be dignified and should not ask for tips.'* In contrast, one General T/A lets their TLs make their own decisions about tipping as long as they can get the job done and customers do not complain.

Still, there are arguments regarding whether children should tip or tip half of the amount and whether the amount of customers' tips should include the first or the last

day of a tour. Some customers believe that the first day or last day should not be included (the amount of tips is calculated by days of the trip) if the tour departs in the evening and arrives home in the morning. It seems that it has not been possible to resolve this issue unanimously.

Tour leaders' commissions

The issue of commission has an important impact on the performance of the TL. Not many interviewers mentioned the issue of sharing with the TL the commissions from the shops and optional tours. Five interviewed T/As mentioned their TLs' shopping commissions. Almost all the T/As are different in terms of sharing shopping and optional tours commissions. Shopping is an important activity during a tour and many T/As will arrange it for customers at least once on the tour and without customers' consent beforehand (It will not be shown on the itinerary or mentioned during the pre-tour induction). The activity is time consuming and involves commissions which results in many disputes between the TL, the local guide, the T/A and the tour members. Officially speaking, TLs are not permitted to arrange extra shopping activities but should bring customers to shop at designated places indicated by the travel agency. Many T/As demand a share of the commissions with the TL from the shops since this can make up for losses incurred by the T/A in charging a lower price. This is particularly important for many T/As which charge very low prices. Table 5.13 (see Appendix 5.1) shows that A-Type T/As tend to let their TLs have all the shopping commissions which can be considered very generous. In contrast, the General T/A considers that shopping commission is important to the company and shares the commissions with their TLs. Many actually require the TL to write a commission report.

The position of the tour leaders

It may be argued that there is a positive relationship between job performance and the amount of money earned. There is no concrete evidence to show that a TL's job performance will be influenced by their expectation of receiving daily fees, commissions, and tips from customers. However, receiving the maximum amount of tips is the wish of all TLs.

However, it seems that TLs have faced much pressure regarding whether they are receiving enough money, especially from tips. FR5-A stated that *'they are a group of people who are living in a bad situation nowadays .... and in the current market, 80 – 90% of T/As ask for a money feedback (Head Tax) from TLs in escorting tours.'* FO8-G stated that *'many T/As actually do not pay the daily fee.'* EV4-A stated *that 'nowadays TLs do not get much salary and their main income is based on tips.'* FA3-A, an A-Type T/A, stated that *'we wish children could pay the same amount of tip but customers haggle.... Customers sued the TL because they were forced to tip by the TL.'* PH4-G stated that *'TLs who went against the rules by not shopping at a designated shop received a punishment.'*

Apart from the issue of income, TLs have another challenge – to satisfy their customers and T/As. Almost all the T/As want their TLs to be able to satisfy customers' needs and they expect that they should be able to solve all the problems so that customers do not bring any complaints back to the companies. FO7-A stated that *'if the results of feedback from customers' evaluations are bad, we stop the contract of freelancers.'* RO2-G stated that *'if it is the TL's fault, s/he will be punished.'* Nowadays, customers are much more demanding and much more knowledgeable than before. They know their rights. The TL not only needs good professional skills but also a good service attitude to satisfy today's customers.

5.5 Customer service encounters

Once customers have decided to join a package tour, the series of successive service encounters has begun and the relationship between the T/As and the customers begins to form. The service contact between the T/As and their clients can be divided into three stages – pre-tour, on–tour, and post-tour. The main service providers are the administrator and the salespeople during the pre-tour stage, the TL during the on-tour stage, and the salespeople during the post-tour stage.

5.5.1 Pre-tour services

The interviewees were asked how they proceeded with their service once customers had decided to join their company's tours and what they did before the tour departure. Based on their responses the practice appears to involve several service stages, which includes contacting their customers, holding a pre-tour induction and signing the contract with the customers.

Table 5.14 (see Appendix 5.1) shows how the T/As deliver important messages to their customers and whether they have held a pre-tour induction. The interviewee data indicate that the majority of T/As tend to arrange face-to-face contact with their clients. Unless the customers live too far away from the location of T/As, most of them will send their salespeople to visit customers either to collect the deposit and important documents such as photographs, identification, and a passport or to deliver the travel documents.

Some indicate that the salespeople also ring the customers to reconfirm the tour and to ensure that everything is going all right prior to departure. EU8-A which focuses on cruising and which charges a much higher price was especially concerned about close contact with their clients and rang them regularly to avoid them feeling abandoned after paying the deposit.

As for the General T/As, they do not provide much service to their agent's clients except those who are direct customers – most of the agents do not allow General T/As to contact their clients. However, SI9-G provides a very thoughtful service to prevent customers from complaining that they couldn't locate the salesperson – they provide a team rather than one person to handle client needs. The company also sends a thank you card to reconfirm customers' reservations and the amount of deposit received.

As well as providing personal face-to-face contact, telling customers what they should be aware of and providing tourism information for them to read is crucial. Many T/As expect customers to read the handout they have provided and to understand the destination culture; T/As believe this can reduce the perception differences between themselves and their clients as regards to the quality of a travel product. GO2-A has a library and customers can do their own research. PH4-G has designed a detailed travel manual for their customers and is very proud of it. However, EV4-A states that *'many*

customers do not like to read the handout and prefer the T/As to tell them.' RE3-G reminds their customers to read the contract before signing it and lets customers know about important issues such as the terms of cancellation of a tour.

Table 5.14 also shows that most of the T/As hold a pre-tour induction except a few who indicate that they do not do this any more for short-haul destination tours. All the T/As also indicate that fewer customers participate in the induction nowadays, particularly the General T/As whose customers come from agents. FA3-A states that *'the induction is held in the day time and not many people show up.'* Travel agencies send the information to those tour members who do not show up for the pre-tour induction. They believe that the perception differences in the view of the package tour may occur due to their absence. Hence the T/A could rearrange the induction time for the evening to encourage tour members to participate. In order to prevent misunderstandings, many General T/As have another briefing at the airport to ensure that the tour members have understood all the details.

In fact, the pre-tour induction provides a good chance for T/As and customers to communicate face-to-face. Travel agencies hold a pre-tour induction for customers and take this opportunity to investigate the customers' needs and hand over all the important documents. During the induction, the TL will generally show up to meet the participants and explain all the details to them. At the same time many T/As sign the contract and collect the remaining fees. This is an important meeting and the Tourism Bureau has provided the place and facilities to assist the T/As.

Travel contract

Based on the regulations of the Tourism Bureau, once customers have paid their deposits the T/A takes the initiative to sign the contract with them. The contract guarantees the rights of the customers and the responsibility of the T/A. However, many T/As fail to do this – either they do not sign the contract or they sign it during the pre-tour induction instead of signing it in advance. As a result, customers do not know their obligations or rights when things go wrong or when complaints or disputes occur. Recently, a new law reinforced customers' rights - the contract is automatically recognized in law as long as the T/As have received the deposit from the customer

even though the contract has not been signed. However, this regulation protects customers' legal rights but cannot solve the fundamental problem- perception differences caused by not reading the contract beforehand. The researcher considers that the best way for the travel agency to prevent this problem is to sign the contract with customers when they have paid the deposit and point out important issues to them to ensure that they know their rights and liabilities

The interviewee data shows that most T/As sign the contract with their customers. Based on Table 5.15 (see Appendix 5.1) some advise the customer to read it. Two A-Type T/As even allow their customers to have one-day's consideration after paying the deposit which not many T/As would do. Many T/As indicate that they sign the contract when customers pay the deposit. However, a few still indicate that they sign the contract during the pre-tour induction. Even PH4-G states that '*it is difficult to sign the contract with customers during the early stage.*' Based on the researcher' knowledge and previous experience, the researcher believes that nowadays many T/As still do not sign the contract when the customer has paid the deposit or even do not sign the contract at all.

To ensure that customers know their rights beforehand, PH4-G indicates that the company publishes the contents of the contract on their website. RE3-G indicates that basically they advise customers to read the contract but the company does not actually wish customers to know all the details of the contract because the contract is unfavourable to the T/A. The researcher believes that in reality General T/As have more problems in signing the contract with customers and have also incurred more incidents with customers since many of them are the clients of agents.

5.5.2 On-tour services

Tour members will experience various service encounters during on-tour travelling. The most frequent service provider is the TL. The services provided by the TL can be varied. CH1-A states that '*their TLs call each tour member in the evening to ensure that they are all right, and in the morning the TL should guide tour members to breakfast.*' GO2-A stated that '*their TLs should walk with tour members during their free leisure time.*' One T/A indicated that in Southeast Asian tours, the TL would visit

each room after tour members have checked in to ensure they are satisfied with their room, but we don't want our TLs to perform this act, since it disturbs the customers. Obviously, there are no standard service procedures, the types of service are dependent on each individual TL's capability and preferences but some T/As might require their TLs to perform a specific type of service.

Apart from the TLs' performance, many T/As have their own ways of supporting or pleasing their customers. However, most of the T/As would not book hotels located in the city centre for the benefit of the tour members – none of the interviewed T/As mentioned providing a convenient hotel location for their customers and one (FO8-G) indicated that the company would not do so due to the cost of such hotel rooms. Table 5.16 (see Appendix 5.1) indicates that the T/As tend to offer extra food – complimentary dishes during lunch or dinner time or a drink to please their tour members and the TL in the A-Type T/A is much more flexible in providing extra services. However, some indicate that this is based on whether the tour is profitable or if problems have occurred.

General T/As are less flexible in providing extra services. RE3-G and PH4-G, General T/As, state that the company will only provide extra food for their direct customers. SI9-G mentions that in order to solve problems, the TL is empowered to provide extra service. FO8-G indicates that the company will not use hotels, which are located in the city centre, and tends to use more Chinese restaurants in order to reduce costs. There are two reasons that most General T/As do not want to provide extra services for their tour members. PH4-G indicates that the company will not provide extra service to please tour members since travel agents might be afraid that the company will take over their clients. Another is that the tour is less profitable when all tour members come from travel agents.

5.5.3 Post-tour services

Travel agencies overwhelmingly believe that keeping in touch with clients is crucial since they are more likely to become repeat purchasers. Many T/As believe that to attract them back costs the company far less than to attract new customers. Table 5.17

(see Appendix 5.1) shows how most T/As develop their relationships with their clients. Many T/As point out that their salespeople will ring the clients after the tour is over to see how they feel, particularly those who have complained. Two T/As – one A-Type and another General T/A- even require their salespeople to ring their clients three days after the tour arrives back home.

The majority of T/As indicate that they keep their clients informed by sending out their company's new travel products or promotional events. Normally, they provide discounts for repeat customers. Several T/As actually try to build a close relationship with their clients by sending all kinds of congratulatory cards including birthday cards or even cakes. FR5-A states that *our salespeople share their children's birthday cakes with their clients.'* And many of them actually rely heavily on the salespeople to maintain the connection by building personal relationships with clients. FA3-A is disappointed that their salespeople do not have the patience to contact their clients frequently enough. Three T/As indicate that they do not want to send birthday cards because it is too much work and costs too much besides they believe that customers have no loyalty. PH4-G even issue a loyalty card for a fee which confers many benefits, such as discounts, to build up a network of clients. One General T/A indicates that the company has too many clients and only informs their clients regarding new products by email.

5.6 Customer dis/satisfaction

In the current Taiwanese tourism market, although some travel agencies have focused on a low price strategy, the majority of T/As expect to generate repeat business through providing better services and increasing the quality of their tour products. Hence, the interviewees were asked how they know when customers are satisfied, how they handle complaints and what are the important factors in achieving customer satisfaction.

5.6.1 Service evaluation

In order to improve the quality of package tours and monitor the service quality of service providers, many T/As have designed customer satisfaction survey

questionnaires. These questionnaires include several service categories - front-line personnel, transport, restaurants, hotel rooms, drivers, local guides and the TL. The design of the close-ended questionnaire of each T/A is similar and easy to use. The questionnaire is either given to the tour members during the pre-tour induction or given to them during the last few days of the tour by the TL. Some T/As prefer their tour members to mail the questionnaire back to the company with an enclosed postage-free envelope or to give it to the TL in a sealed envelop to avoid the TL's interference or the embarrassment of tour members. The tour members are encouraged to sign their names if they want to receive feedback.

The majority of T/As welcome their customers' feedback – in the form of replies to the questionnaires. Table 5.18 (see Appendix 5.1) shows that all the interviewed T/As have their own individually designed questionnaires for tour members to fill in. Half of them prefer the tour members to send the survey questionnaires back by mail – to avoid interference by the TL (as it is part of Chinese culture not to embarrass people you know in front of them) - and half of them allow the TL to collect it. The return rate is low if sent in by mail. Some T/As take customers' opinions seriously, so to get all the questionnaires, 5 T/As actually demand that their TLs collect them all and return them to the companies otherwise they lose their benefits or need to write a report. One A-Type T/A even states that they ring those customers who do not return the survey questionnaires. This action shows that they frequently monitor the service providers including the TL and the local guide and are genuinely expecting them to provide a satisfactory service for their customers.

5.6.2 Handling complaints

People tend to complain if they are not satisfied or are treated unfairly. Disputes or lawsuits may occur if both sides do not reach a settlement. GO2-A states that ' *it is difficult to prevent customers from complaining, even old customers complain based on their different perceptions.*' DR6-A states that ' *small disagreements with tour members are unavoidable.*' CH1-A even states that ' *there is no way a T/A can prevent customers from complaining.*'

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Almost all the T/As realize that customers' complaints are inescapable. Table 5.19 (see Appendix 5.1) shows that most of them take the complaints seriously and some of them have a customer service department or phone lines to handle complaints. FO8-G indicates that the company will respond to the complainant in 72 hours with its decision. Some indicate that they will compensate customers' losses if it is the company's fault. A few state that they will investigate the complaints to see whether it is a personal issue or whether most tour members felt the same way. It is acknowledged as the company's fault if many tour members are dissatisfied and they apologize and make a settlement. Many T/As mention that they go to a third party for arbitration if a settlement cannot be reached.

Customer's complaints vary – from personal subjective opinions, TLs' unprofessional performance, unforeseeable changes of hotel rooms and itineraries during the high season, to poor quality of products. When complaints occur, T/As tend to settle them themselves through communication, apology, buying a meal or sending a gift, compensation rather them indemnity of their loss. FO8-G considers that it is the TL's responsibility to reduce the gap of perception differences since the customers have paid a low price and should not expect too much. If complainants have asked for a large amount of compensation, a third party, usually TQAA will be asked for help. RE3-G states that *'we will visit the complainants (with gifts) and apologize to them, basically, they will forgive us.'* WO9-A indicates that many customers ask for money as compensation and if money can solve the problem then it is not a big problem. WO9-A seems to prefer to solve the dispute by money rather than let it go public. However, not all the complaints will be handled properly. FO8-G states that *'if it is a minor complaint we will ignore it since we have too many tours in a year and we couldn't handle all of those minor problems.'*

In most T/As the head of department who is in charge handles the incidents. Three T/As mention that they have a customer service department to manage dissatisfaction. A few T/As believe that if they respond immediately to the complainants, the problem won't get worse and disputed cases can be reduced.

Complain about what?

Table 5.20 (see Appendix 5.1) indicates what has made customer's complain and it shows that the complaints cover a wide range of items including all the main service elements and other soft service elements. However, there are a few phenomena that customers have complained about which will be pointed out such as: T/As charging different prices, having three meals in the same Chinese restaurant, poor quality of meals, or eating similar food all the time. At least 6 T/As mentioned customers' complaints about food which indicates that the T/As should make more effort in the arrangement of meals for customers. Most T/As prefer to use Chinese restaurants rather than other types of restaurants because of the lower cost and the preferences of most Taiwanese travellers. The researcher believes that the low cost and poor quality of Chinese meals is mainly responsible for those complaints.

Based on Table 5.20, 8 T/As indicate that customers' complaints are related to human services - more on the TL's job performance than others. One indicates that the hard elements can be arranged in advance so that there are fewer problems. PH4-G indicates that they charge a higher price so that the hotel, coaches, and food cause fewer problems. And CA5-G and FO8-G indicate that since they charge a mid-price, customers tend to be picky about hotel rooms and food. SI9-G indicates that bad weather and problems related to the high season have caused a few problems, these along with those related to the TL have resulted in disputes or lawsuits.

Why complain?

Table 5.21 (see Appendix 5.1) indicates why customers complain. The data show that tour members' different perceptions toward the products have resulted in complaints. PH4-G points out that written communication can prevent customers from interpreting a conversation from a different perspective. Perception differences may result from many causes. Many T/As indicate it is due to poor communication during the pre-tour service contact and improper comparisons – customers using past experience to evaluate their present different situation. They also point out that customers' unrealistic attitudes - price-sensitive in the pre-tour stage and quality-oriented on the tour stage – make it worse. For example, customers complain that they spent more money on an European tour but had a lower quality of service than on a

Southeast Asian tour (CA5-G). However, PH4-G indicates that since some T/As attract customers with vague expectations this has led tour members to be unrealistic.

One T/A indicates that the media mislead consumers, so they are responsible for this. DR6-A indicates that marketing segmentation can help to reduce complaints. In short, good communication is needed to diminish perception differences. EU8-A states that *'customers need psychological preparation before they go on the tour.'*

5.6.3 The most important factors

The interviewees were asked who or what makes the greatest contribution to customer satisfaction. Among all the service elements, the majority of T/As believe the TL is the most important factor for customer satisfaction (see Appendix 5.1, Table 5.22). A couple of them believe that both the TL and the local guide are equally important. FO7-A indicates that for long-haul tours, the TL is the most important but for short-haul tours it is the local guide. FO8-G, a General T/A, indicates that the local guide is the most important and the TL is the second. TA7-G even points out that other elements are of minor importance compared with the TL. CH1-A states that *'if the TL is good, the customers won't mind if they have lost one meal.'* DR6-A states that *'even if the hotel room and the food are poor, if the TL is good, he or she can still make the tour members happy.'* RO2-G indicates that tour members enjoy the atmosphere of the scene created by the TL at the destination.

Some T/As indicate that hotels and food are also important but none of them say that they are the most important factors. FA3-A indicates that customers actually buy their own satisfaction by paying more money and also points out that the fewer people on a tour the higher the satisfaction of customers. FO7-A points out that the customer's personal characteristics are also crucial. PH4-G indicates that transparency of a product is also important.

5.6.4 Current customers

The interviewees were asked about their views on their current customers. Their responses were much more negative than positive. There are not many differences in

their views between the A-Type and the General T/As. Only one T/A, RI6-G, indicates that the T/A should take some responsibility – many T/As mislead their customers or lie to them in order to attract them. The researcher considers that RI6-G is quite right; travel agencies should take some responsibility for customer behaviour. The results can be demonstrated by the example of one T/A who does not want the customers to know the contents of the contract.

Many T/As consider their customers are price-sensitive or price-oriented and likely to ask for discounts (see Appendix 5.1, Table 5.23). They are used to comparing the price in the pre-tour stage (and on the tour) and the quality of products on the tour (see Table 5.21 in Appendix 5.1). Many blame their customers for being difficult to deal with since some T/As consider they are low class and tend to make problems, picky, likely to blame others for their own faults, irrational, and subjective. FO7-A, a company focusing on low prices, states that '*I dissatisfy my clients, I even have to pay their toilet fees.*' The criticism of the customers of FO7-A might be partially due to the low quality of their products which are aimed at lower level customers.

EV4-A and FR5-A indicate that many customers do not read the handout information and rely too much on the T/A's instructions. One indicates that customers feel insecure when travelling in foreign countries. Some point out that they are unfamiliar with the travel products and need to be told and educated. SI9-G states that '*when they do not understand the situation, they tend to focus on their own interests and overreact, and their satisfaction is dependent on the sense of "Ki Mo Gi"*' – a sense of self-esteem. FO7-A indicates that they have negative influence on other members and put stress on the TL.

Table 5.23 (see Appendix 5.1) also shows that customers are much more knowledgeable and know their rights nowadays. In the future the Internet will be used more and the company will face a strong challenge from customers (EV4-A). The collected data also show that the attitude among generations and educational backgrounds is different. Customers who have a higher education do not necessarily act more maturely (RO2-G). The older generation is more concerned about person-to-person relationships but the younger generation is more picky and practical (RE3-G).

FO8-G indicates that experienced customers are more reasonable, however this is contradicted by GO2-A, who indicates that they are more difficult to deal with.

Hotel rooms and food are the main ingredients of a tour even though the young generation is different – more likely to accept western-style cuisines. However, RI6-G indicates that customers will try western-style cuisines but prefer to have more Chinese food and are more interested in staying in modern hotels – the old-style but expensive hotel is not attractive to them.

5.7 Conclusions

Even though customers can buy their own satisfaction – by paying a higher price for a better quality of the hard elements of travel product - the soft elements, human service, may not always be able to be bought. To Taiwanese travellers, diet is an important item and poor food has caused much distress. Human service – particularly the TL's performance - is the key factor either resulting in customers' complaints or contributing to customers' satisfaction with a tour.

It is clear that all the T/As have keenly monitored the service standard provided by other service providers including the TL and the tour guide. Apparently, they have clearly in mind what the customers need and want and have recognized the crucial role of the TL. Paradoxically, the TL still receives much more criticism. The result is that travel agencies have to depend heavily on staff who are less experienced and skilful and even without a tour guiding licence to lead overseas tours. As a result, the training of the TL needs to be improved not only in touring skills but also in service quality.

The A-Type T/A and the General T/A have slightly different views with regard to customer satisfaction and generating repeat business. The majority of T/As believe that it is difficult to please all customers since customers have different needs and wants. The concept of price-sensitivity and quality-orientation of the customer has made it worse. They also believe that customer dissatisfaction results from perceptional differences – unrealistic expectations or misunderstandings. However, many T/As still try to make great efforts to satisfy their customers and expect them to

come back. Many believe that reducing the gap in perception differences through better communication in the pre-tour stage can help, if not, T/As very much depend on the TLs to solve problems – as long as the TLs do not bring complaints back to the companies, they are satisfied. It seems that for most T/As, solving problems is more vital than avoiding problems.

Most travel agencies have endeavoured to provide their best service during the pre-tour by for example sending their salespeople to visit clients, which would not happen in the Western tourism market. They also aim to build a close relationship - rather than just a business relationship - with their clients post-tour through their salespeople by contacting them regularly. However, this close relationship seems to depend largely on the personality of the salesperson rather than on the company. This is true with the exception of one travel agency (DR6-A) which states that *'there is no individual but only the company image.'*

Not all the interviewed T/As believe that providing a good quality of service or product is vital in terms of bringing customers back. Instead, they consider that price is essential to success for repeat business. In summary, the evidence implies that customer satisfaction is the 'push' element – a basic need – while providing a reasonable price is a 'pull' element – a core motivation - for future business success.

Chapter 6: The Findings from Tour Members

6.1 Introduction

This chapter presents the tour participants' views of the service performance from the travel agency and other service providers. Their views are presented as follows:

- The first section is a participant observation of a guided package tour to Italy which is used to evaluate tour participants' experience and dis/satisfaction of the service encounter on the tour.

- The second section is the telephone interview of tour participants which is used to further evaluate their expectations, post-tour satisfaction, and future re-purchase intentions.

- The third section is the questionnaire survey collected by the collaborating agency in order to detail each tour participant's satisfaction.

- The fourth section is the conclusion of the findings of the participant observation, the telephone interviews, and the collaborating agency's questionnaire survey

6.2 Participant observation - a guided package tour to Italy

This section presents the themes identified from participant observation. The observations of the researcher and tour members' stories were based on tour members' daily social life and were divided into two sections – pre-tour stage and on-tour stage. Their experiences of service encounters and reactions on this particular journey were used to develop specific themes which were related to the reviewed literature or were considered important to the questions this research intended to investigate. These themes were then categorized into subjects which were related to customers' satisfaction or dissatisfaction (see Figure 6.1).

Figure 6.1 Categorized subjects from participant observation
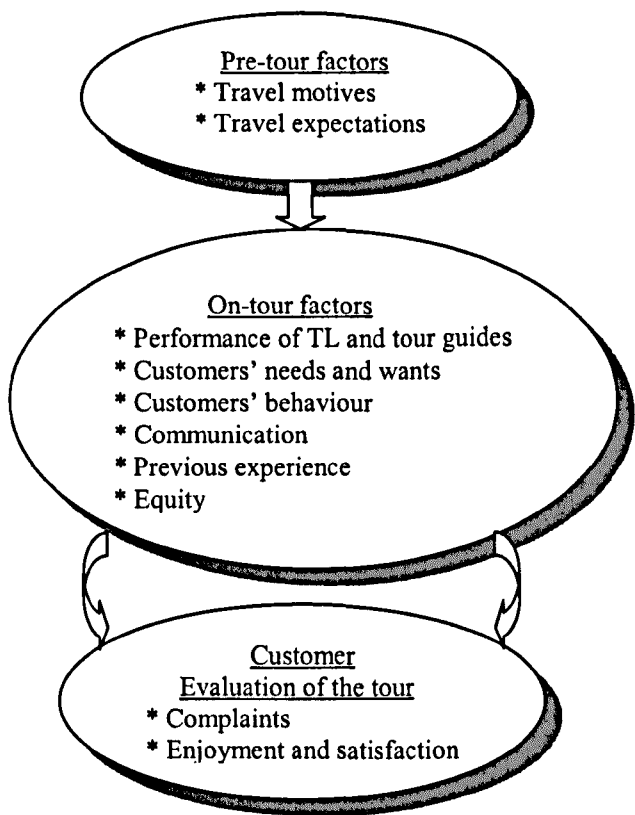
The tour operator (the collaborating travel agency) organised two groups (Coach A and Coach B) at the same time with the same itinerary but with different tour leaders (TL-A for Coach A and TL-B for Coach B). The tour operator is a mid-size, A-type T/A. The company focuses on special tours and offers mid-price tour products[1]. The observation was mainly focused on Coach B but since the two groups were travelling together and the researcher's roommate - PP - was in Coach A parts of the scenario of Coach A will also be disclosed to strengthen the evidence of the findings.

6.2.1 Travel motives and expectations

Travel motives

Understanding participants' reasons for travel and expectations can help to reveal their travel desires. Table 6.1 (see Appendix 6.1) shows tour members' travel reasons. Most indicated that they just wanted to get away from home or from the stress of

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[1] also see Chapter 2 the interviewed travel agency GO2-A

routine work. Actually many indicated that they did not have a specific travel motivation – they were encouraged to join the holiday by friends or relatives.

Several of them indicated that they did not have a specific destination in mind; it was good timing or friends wanted them to come along for companionship. Actually many married tour members seemed to prefer to travel with their friends rather than their spouses; perhaps their spouses had no free time for vacations. For example, Mrs SL and Mr PG are married and like to travel. They always travel with friends. A few indicated that notification or recommendation by their friends or relatives was the initial reason but the price and the image of the collaborated company were key motivations for joining this tour (in general, the company offers mid-price tour products). They stated that the price was inexpensive compared with similar itineraries offered by competitors.

Customers' pre-tour expectations

Table 6.2 (see Appendix 6.1) shows tour members' expectations from the trip. Some of these expectations are basic and limited. Their expectations are varied, including the ability to have good quality service, to see special events, to have a safe journey, to have fun with friends, to be able to learn, to have good quality food, and little or no specific expectation.

The travel agency organized two coach groups with a total of 79 tour members. A big group tour has its disadvantages – it is difficult to handle and tends to cause more incidents. In order to gain better personal service, some people prefer to have a small tour since tour members receive more attention in a small group. Making friends is crucial for some participants. Mrs SL had been to Italy once before and knew that Italy is not a safe destination. She expected to have a smooth journey. She did not consider the destination to be a vital component in itself; she actually expected to meet different friends and to have fun with them. A female tour member mentioned that she wanted to learn something about Italy, and quite a few tour members were earnestly reading the tourist guidebooks on the plane or on the coach and listened engrossed to the explanations of the tour leader or local guides. Mrs GrW was retired

and had not much overseas travel experience. She expected to have better quality food. She worried that she would not cope with the Western style of food.

A few indicated that they had no specific expectations at the pre-tour stage, however they were pleased since they made a few friends. For the majority of tour members it was their first visit to Italy, but price rather than destination was the major reason for joining the tour. As a result they seemed unable to develop high expectations and did not expect too much from the holiday.

A special event occurred in Venice during the tour - the Carnival, a masquerade parade. It is a well known event and lasts for 5 days in February each year. Some tour members were knowledgeable and knew what to expect but the majority of the tour members did not know about the Carnival; some heard about it from the tour leader during the pre-tour induction or from tourist guidebooks - they were lucky to see the Carnival in Venice. Many participants were excited since one does not often get the chance to be part of this special event and we were just in time to be there on the last day of the event. The researcher believes that the travel agency did not arrange this deliberately – it was just a coincidence.

Even though many tour members had few expectations, they actually expected to have fun and wanted to see more. On the last stop in Rome, TL-B announced that we would stay in a hotel located in the city centre for two nights. It was great news since some had complained that it had been too boring during the night and now tour members could have a chance to explore the city by themselves. Meanwhile TL-B had planned several extra trips which delighted tour members. The extra trips included an evening excursion in Rome (TL-A also made one for his group) and a visit to San Gimignano – a mountain village (the extra trip upset a few tour members in Coach A since TL-A did not plan to go).

6.2.2 Performance of tour leaders

Based on the evidence (interviews with travel agencies), a perfect TL who possesses various skills (see Mancini, 1996) seems difficult to find. TL-A, the tour leader in Coach A, was always approachable and stayed close to tour members. However, his

capability as an interpreter was less impressive. A tour member, PP, commented that TL-A was friendly but only suitable to lead older tour members and should improve his interpreting skill. He was also criticised severely by tour members for his way of collecting his tips. TL-B, on the contrary, was conservative and less smiling but much more skilful in interpreting and communication. It is common for Taiwanese tour leaders to arrange shopping breaks on the tour, mainly for the purpose of getting commissions either for themselves or for the travel agency they work for. Coincidentally, both TLs had arranged an identical shopping break – but TL-A failed (none of the tour members bought anything) whilst TL-B succeeded (the majority of tour members bought something).

The participant observation findings revealed that Coach B's tour leader's performance was quite successful even though he received some criticism. The tour leader's shortcomings lessened the tour members' enjoyment and satisfaction in different degrees. Table 6.3 (see Appendix 6.1) shows the TL-B's shortcomings in job performance but in general, these were not major weaknesses. For example, a side trip to San Gimignano (which also stopped at a shopping outlet) and the canal cruise in Venice cost extra fees and some of the tour members were not satisfied with the canal cruise. The extra trips were not in the original itinerary but were introduced for the TL's financial benefit. However, not all the tour members were upset by these examples of his shortcomings or considered that they were significant.

Several deficiencies of TL-B's professional skills were identified which included careless, poor management, and poor communication. On the plane, tour members preferred to sit with their friends and relatives, however, at group check-in the seats were allocated according to alphabetical order and although the tour members were sitting in the same area of the plane, they did not necessarily sit next to one another. As a result, they tried to swap seats on the plane which then created chaos and disturbance. However, even though the researcher did not hear any complaints directly to the tour leader, if the tour leader had reallocated the seats before boarding, the inconvenience could have been prevented.

Many tour members considered that TL-B was not very sociable at the beginning. However, he eventually earned the respect of the majority of tour members due to his

interpreting skills and knowing how to satisfy tour members' needs (see Appendix 6.1, Table 6.4). He worked hard to serve tour members. He did lots of interpreting during the first day of arrival in Italy (see Table 6.4, day 2) even though the researcher considered there was no need to talk so much since tour members were tired after the long flight and many of them eventually fell asleep on the coach. He seemed eager to give his speech and ignored this fact. On the coach he tried to inspire tour members to have a positive attitude and not have too high expectations in order to have a pleasant journey.

On the journey, TL-B impressed many tour members. He narrated Italian historical stories and played well-known opera songs on the coach. The tour members were impressed by his interpreting and the fairy tales he told. During the walking tour, he did a lot of interpreting for tour members when the local guides were not available.

TL-B developed a good relationship with tour members and convinced them that what he had done was for their benefit. He provided a bottle of complimentary wine (Day 2) and a complimentary dish (Day 3) for each table at lunchtime in compensation for the poor quality Chinese food; he even explained the reason for the low quality of the food. He also proposed the side trip to San Gimignano at a reasonable cost which gratified most of the tour members (but which annoyed the tour members in Coach A). He requested the driver to make an evening scenic trip which excited tour members. He led a walking tour to view a night scene in Rome which interested young tour members. He bought a cup of coffee and two cones of ice cream for every tour member which pleased all the tour members. All the efforts he made showed that he was an experienced tour leader and knew how to satisfy customers' needs. Eventually, tour members trusted him and had confidence in him.

In fact, both TLs offered enthusiastic service. They did not have much personal free time – they always devoted themselves to tour members. Even during their free leisure time they still accompanied tour members.

<u>Tipping</u>

How much to tip is always a sensitive issue for tour members (PP, C1, PaP, PaS). Many still had no idea how much they should tip even though the suggested amount had been written on the booklet and had been given to the tour group during the pre-tour induction. C1 said *'I do not mind collecting tips for TL-B but I do not know how to do it and I do not want to mislead tour members'* (Day 7). The researcher believes that tour members from both coaches discussed how much to tip the TL. One tour member from Coach A said that *'I had heard that Coach B's tour members were unwilling to tip TL-B.'*

Participant observation demonstrated that tipping is important for tour leaders. Both tour leaders' attitude showed that they were concerned about their tips. TL-B reminded tour members several times about his tips. He said on the coach *'I will not collect tips in advance, you can give me more if you are satisfied, or give me less if you do not feel satisfied, it is up to you'* (Day 2). On day 7 he said again *'I have paid the tips to the tour guides for all of you and you can pay me back later either today or any day before the tour ends'*. On day 8 he reminded again that *'I will not feel upset if you do not want to give me tips right now.'* On the contrary, TL-A was much more straightforward. He collected US60 openly from every tour member on the coach without notifying them in advance. As a result, PP said 'it was disgusting to collect tips like that.'

6.2.3 Customers' needs and wants

The need for shopping seemed to be important for many tour members in this particular tour. The data suggested that many tour members want to shop to either gratify themselves or show their affection to their relatives and friends. Table 6.5 (see Appendix 6.1) also indicates that tourists' needs are influenced by the characteristics of a destination. In comparison with other destinations, the price of famous brand names is much lower in Italy. On this particular journey, tour members knew that

Italy is a shopping paradise for famous brand names and had a strong desire to go shopping since they could obtain better deals. This was particularly true of the female tour members. When on the coach, a major subject of conversation among tour members was their shopping experiences. In fact, shopping became a major activity of tour members during their free time. Many of them were smart shoppers; they knew how to bargain and find a good deal. They usually felt happy after finding a good bargain. For example, C2 was very excited because she bought a self-portrait picture in Venice at half price. To summarise, shopping was a major interest for most tour members.

Italy does not have a high reputation for quality cuisine in Taiwan. Taiwanese tourists do not visit Italy for the cuisine. However, evidence indicates that a proper diet is essential for tour members even when they are on a foreign tour. The participants considered that having fine food is a kind of enjoyment; poor quality food would ruin their frame of mind. Chinese people enjoy eating all kinds of food. Customarily, many Taiwanese travellers will bring snacks with them when they are travelling. Through observation, the researcher found that sharing dry snacks with other tour members was a common activity on the coach, particularly among the female tour members.

Joining a tour means a person will travel with many strangers and has a good chance to make friends, particularly for those who have few opportunities to meet other people. Tour members considered it was fun to travel with different people with whom they could get along. A few actually wanted to make new friends and to have a good time, particularly tour participants who were unmarried (Ms C3, Mr BB). Group photographs were taken and the possibility of a future exchange of photographs provided an opportunity for future connections. Excitement was developed through friendship and many other activities. Loud and excited conversations during the meals and on the coach suggested that the majority of tour members were enjoying each other's company.

Many participants indicated that this was their first time they had travelled to Europe. They were keen on experiencing a different culture, seeing different scenery, and learning new things. The JaC couple did not want to miss the beautiful night view of Venice and were standing on the deck of the ferry in spite of the low temperature

outside the cabin. Italian coffee is famous. Enjoying the romantic atmosphere of sitting outside a coffee shop drinking Italian coffee was exciting. Even though some activities cost money, many tour members were willing to experience them. Some regarded travel activities as a once in a lifetime experience (Mr. PG & Ms. C3) - once missed, one might not have a second chance to experience them. Based on this, many tour members participated in all kinds of activities proposed by the TL or suggested in the tourist books.

Although many tour members indicated that they could not get used to the Italian cuisine, the atmosphere in the arranged Italian restaurants was quite exotic for the tour members – meals were accompanied by singers or a band for entertainment. The tour leader seemed to know tour members' needs, On Day 6, a dinner in an Italian restaurant eventually became a dance party.

Table 6.5 also shows that tour members needed the TL's assistance. They listened to the TL's advice and would follow the TL's instructions to visit cathedrals, museums, or to participate in additional activities. For the optional canal cruise in Venice, nearly all the tour members in both coaches joined the tour even though it was quite expensive. As a matter of fact, in an outbound tour, due to the language difficulty, many tour members depend heavily on the TL - they expect the TL to take the initiative in providing all kinds of information or service.

Taking photographs was an important activity throughout the journey. Many tour members actually spent a lot of time taking photographs and videotape recording; they sometimes even ignored the explanation by the tour leader or local guides. Photograph taking also provided a chance of interaction with each other. Through the taking photographs, tour members could share their experiences and the beautiful scenery they had seen with their relatives, friends or the other tour members.

6.2.4 Customer behaviour

The data shows that Taiwanese tourists are highly tolerant (see Appendix 6.1, Table 6.6). They might not ignore the bad quality of service but they tend to tolerate it and not to confront the service providers face to face; as Ms C3 said to a complaining

female tour member - who was retired and had a strong sense of equality - 'the Oriental tend to resign themselves to adversity.' They tend to maintain group harmony. Indeed, it could be stated that their attitude toward group harmony prevented disputes and reduced complaints. The younger ones tend to respect the older, for example: on the coach, most of the young people sat at the back and gave the front seats to the older ones. Also some tour members who were passive or less sociable tended to avoid outsiders and stuck with their own group. They regarded the companionship of their own friends as an important necessity for enjoyment. Additionally, some members showed their family affection by keeping in close contact with their family by mobile phone when they were on the tour – the popularity of using mobile phones saved the TL from many difficulties since tour members would not ask the TL for help when they needed to call home. The findings indicate that customer behaviour and attitude toward the service encounters and the interaction among tour members influenced the enjoyment of the holiday.

6.2.5 Communication

Many tour members were on their first journey to Italy and were not familiar with all the details of arrangements. Appropriate communication was identified as a way to reduce problems of mis-understanding. The findings show that a proper explanation by the TL can prevent complaints from occurring. On day 2 after many tour members complained about the quality of the food the researcher's roommate – PP- suggested that communication was important and that the TL should let customers know that the bad quality of the food was not because of the low cost of the tour. On day 3, TL-B gave an explanation on the coach regarding the low quality of the Chinese food. He said that *'there was not much he could do, the quality of Chinese food was all the same in European destinations.'*

Additionally, one's assumptions or lack of correct information might cause a misperception. A misperception upset both JaH (see Table 6.3, bad communication) and a female who had complained about the local guides (see Appendix 6.1, Table 6.9). If the TL had made every day's itinerary clear and explained any unusual phenomena, many complaints could actually have been prevented. The findings suggest that the TL might educate customers by explaining the reasons for his

decisions which would help him to avoid unexpected dilemmas. The TL might ensure that customers had heard everything he or she said. For example, when and where he will meet tour members (Coach A lost 2 people in Rome when assembling for dinner). Even though the local guide in Venice and TL-B had advised tour members to listen to the interpretation first, and then take photographs and shop later, it was still necessary to make sure that they had got the message.

6.2.6 Previous experience

Table 6.7 (see Appendix 6.1) suggests that tour members' previous travel experience influences their attitude and the level of satisfaction with the quality and performance of the tour. A person with more travel experience might be in a position to better understand the reality of the difficulties on tour and be more flexible when an incident occurs. Also they may have more sympathy for the TL's role. On the other hand, a person with less previous travel experience might find it difficult to trust the TL. For example, one female tour member complained that the local Italian guide had done nothing and many tour members complained about the bad quality of food in the Chinese restaurants because they did not know this was normal. However, it seems that tourists who had less travel experience may have fewer complaints due to unfamiliarity and not being able to make a comparison. A negative reaction might occur as a result of one's personality or through making unsuitable comparisons. For example, PP had joined group tours many times but he was demanding over many things (see 6.28a in section of Tour members). He reacted very badly when TL-A forced tour members to tip him. He declared that most TLs are the same (TL-B did not force tour members to tip). However, Mrs. SL knew that the job of TL was tough and was very understanding of the TL's difficulty.

6.2.7 Equity

The literature shows that equal opportunity among customers is crucial in preventing complaints. Table 6.8 (see Appendix 6.1) shows that Taiwanese tourists constantly compared the services they had received. Since Coach A and B had different tour leaders and had arranged slightly different itineraries – Coach B made an extra tour to San Gimignano and they stayed for two nights in a different hotel - the differences

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unavoidably caused comparison and jealousy. Additionally, the two TLs performed very differently and the tour members in Coach A realized that TL-B had much better interpreting skills than TL-A. But none of the tour members in Coach A blamed the TL for the inequality – they accepted and tolerated the fact. Besides, the TL-B was always approachable. Many of them still got along very well with TL-A. Despite the unfavourable comparison, they did not cause serious trouble for the TLs.

On the other hand, tour members in Coach B demonstrated that equity was not always so crucial; it depended on the circumstances. On the first day in Italy, TL-B announced that tour members should rotate their seats during the tour. However, most of the older or senior members were sitting at the front and the younger ones were sitting at the back of the coach. Even though a few tour members wanted to move to the front, no one actually did or required anyone else to carry out this policy, and the TL did not consider that this was essential either. Given the previous discussion, the reason that tour members did not take it seriously might be related to the concept of group harmony and respect for the older or elderly tour members.

6.2.8 Customers' complaints

Table 6.9 (see Appendix 6.1) shows tour members' complaints when on tour. Their complaints were not all caused by the service suppliers. The objects of their complaints apart from the TL, included tour members, local guides, food, hotel service, and the optional tour. The findings indicate that it is difficult to avoid customer complaints or dissatisfaction on the tour because there are too many uncontrollable elements involved (also see Appendix 6.1, Table 6.10). For example, conflicts among tour members themselves; not everyone liked to shop (example the JaC couple) but they still had to wait for others who were shopping; whilst some young people preferred local cuisine (Amer couple) most participants preferred Chinese food; some did not like to sing songs on the coach (GrW; C1) but it was still prevalent on the coach.

Individual behaviour, attitudes, and incidents may cause the vacation to be less enjoyable, incidents such as broken luggage (GrH) and the inability to use mobile phones (C3), or sickness. Meanwhile, family members travelling together might cause

unpleasantness, for example Cl argued with her younger sister several times; the mother – ChC, upset her daughter ChD - by not staying close to the group or to her. Cl indicated that many couples – MiH & MiW, JaH & JaW, GrH & GrW - argued with each other on the tour.

In addition, the participant observation also indicated that the more people there were in a tour group, the more complaints there tended to be since they received less attention from the tour leader. On this tour there were no severe confrontations among tour members – just minor disappointments; however it still affected participants' enjoyment of the tour.

In Italy, there are not many licensed tour guides who are able to speak Chinese, hence the travel agency had to hire an extra Chinese-speaking guide escorted by an Italian licensed guide to service customers. These Chinese unlicensed tour guides were untrained and not very enthusiastic.

The travel agency arranged for a local guide in each of the cities of Venice, Florence, and Rome for Coach B. All the local tour guides were female Chinese who were working as part time tour guides without a tour guide license. The local guides of both coaches received much criticism especially the one in Rome for Coach A. She was impolite and keen on taking tour members to shop since the tour guides' source of income is from customers' tips (guaranteed tips) and shopping commissions. This outraged some tour members. One female tour member in Coach A indicated that the local guides in Rome were not enthusiastic in answering her questions. Instead, she was told to buy a book and the guide spent much time talking about shopping. She said she would complain to TL-A. Actually, the tour guider kept taking tour members shopping (a crystal factory in Venice; a shopping outlet in Florence; a shopping outlet in Rome).

During the entire journey, the travel agency only arranged three Italian meals - a lunch in Venice, a dinner with a singer in Florence, and a dinner with a band in Rome. The food on this tour received more complaints than any other subject (also see Table 6.9). Many tour members, particularly the elderly, were not used to Western-style food. However, many Chinese restaurants used on this tour were also criticised by the tour

members. Criticisms related to the service quality of the waitresses or waiters and particularly the quality of the food. Many indicated that the food was inedible and of poor quality. TL-B recognised the problem and compensated tour members by providing extra food and bottles of wine. He comforted tour members by saying that *'the Chinese restaurants here are all the same, it is not an issue of price but the skills of the cook'*. Tour members seemed to understand this and actually did not put too much pressure on the tour leader. The researcher did not hear many complaints regarding the quality of the food after this incident.

The hotel service – mainly the shortage of labour - and the quality of the optional tour also received complaints. As with the quality of food, tour members considered that these were out of the tour leader's control and did not blame him or the travel agency. Also, these complaints were minor and did not cause any conflict.

Apart from the complaints in Table 6.9, there were several unforeseeable or unavoidable incidents which appeared to have a negative impact on customers' enjoyment of their holiday (also see Table 6.10). Unforeseeable incidents included personal safety, sickness (elderly tour members), and bad weather. The unavoidable element included the long return flight between Taipei and Rome.

6.2.9 Enjoyment and Satisfaction

<u>Enjoyment</u>

Customers need to be able to enjoy themselves in order to have a positive impression of the tour. Taking photographs and shopping have been identified as two of the most energetic activities among tour members. Much evidence shows that tour members were very keen on taking photographs and spent much time doing so. When they arrived in a new place they took a photograph first rather than listen to the interpretation. Hence, a local guide advised tour members not to do this – to avoid missing the interpretation of the local culture. Shopping was also found to be a major need and want for many tour members in Italian destinations. For a few tour members, it was considered more interesting than visiting attractions.

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Apart from enjoying photograph-taking and shopping activities, the findings also show (see Appendix 6.1, Table 6.11) that friendly travel partners and sharing moments with other tour members were considered amusing and enjoyable. After a few days of travelling together, tour members were getting to know each other, they made fun of each other either on the coach or at the dining table. JaW indicated that good interaction among group members was quite fun. Activities, such as 'exchanging shopping experiences', 'sharing food on the coach', 'treating each other to an Italian coffee', 'a special event', 'unforeseen events', 'a dancing dinner party', and 'additional side trips', helped to integrate tour members' enjoyment of the tour.

In the view of the tour group members, it is quite romantic having coffee on a patio – one does not get much chance to do so in Taiwan. Tour members were happy to experience the new atmosphere and different culture. The special event in Venice brought much enjoyment to tour members; about 1/3 of the tour members had their faces painted, they made fun of each other's face-paint at dinnertime, and took group photographs in the hotel lobby. Meanwhile, an unforeseen event was interesting. The semi-tropical climate in Taiwan does not offer the Taiwanese people much chance to physically experience snow. The snow on Day 6 excited tour members and the bus driver had to stop the bus at the roadside to let tour members take photographs and experience the scenery. A planned event had the same effect; a dinner with entertainment encouraged excitement. Since many Taiwanese are passive and conservative, they need to be encouraged to join a crowd in public. The tour leader played an important role in cultivating the ambience (also see Table 6.11).

Satisfaction

The findings indicate that customers' experience of satisfaction fluctuated – being satisfied with the Carnival on Day 5 but dissatisfied with the poor performance of the local guide on Day 9. Satisfaction was evaluated differently depending on the service encounter - being satisfied with the performance of the tour leader in interpreting skills but dissatisfied with the way he collected his tip (JaH). However, the overall satisfaction might be based on just one particular service encounter, for example the once in a lifetime experience - the Carnival in Venice (HH). In contrast to other tour members who were sitting inside the ferry, JaW and her husband were standing

outside the ferry enjoying the evening view of Venice. JaW said that *'even the cold temperature could not reduce my excitement at joining the carnival'*. Five tour members indicated that they were satisfied with the tour based on one particular reason (see Appendix 6.1, Table 6.12). In general, the subjects, which most influenced individual satisfaction, were the Carnival in Venice, the quality of the itinerary, the performance of the TL, and the interaction among tour members.

Apparently, the Carnival in Venice was the climax of the tour in terms of satisfaction. Apart from the fact that Venice is a well-known tourist destination, the lifetime experience of a different culture interested tour members and provided much satisfaction. Meanwhile a smooth journey with exotic, stunning attractions reinforced by the TL's performance contributed to the success of this tour. As TC said 'I was impressed by the performance of TL-B'. In addition, good timing (weather, and the special event) and the overall positive interaction among tour members enhanced the level of satisfaction. Based on the evidence from Tables 6.11 & 6.12, the outbound Italian tour was overall considered as a satisfactory experience by the majority of tour members.

6.2.10 Conclusions

Friends and relatives influence travel decision-making. Companionship was an important travel reason for the Taiwanese tourists and was also a crucial element in their satisfaction. Participant observation also indicated that travelling with friends seemed to be more interesting than travelling with a spouse – it allowed more interactions with other tour members.

In addition, the price of the tour also presented an important motive; the destination seemed to be less significant than the price involved (the destination becomes less attractive if it costs too much). As a result, the tour members' travel motivations were less specific and their travel expectations were abstract and without particular anticipations. In this particular case, Taiwanese tourists demonstrated that the 'push factor' was much more important than the 'pull factor' in terms of travel motive.

Travel broadens one's view of the world because it helps one to know and understand the culture of others (Mill & Alastair, 1998). Tour members showed their enthusiasm for listening to the TL's interpretation and recognized the important role of the TL. However, activities – taking photographs and shopping – dominated their thoughts and attracted more attention in this particular destination. The results reveal that the features of a destination were often a factor in stimulating an awareness of what the customers' wanted/needed and they take the holiday when the price is met.

A few shortcomings – collecting tips, the performance of tour guides, the quality of Chinese food, and not enough communication - have been identified. Although tour members did not strongly demonstrate their desire for equal opportunities, consciously, they were concerned about it. Lastly, customers' attitude – group harmony and tolerance - played an important role in the enjoyment of this tour. As a female tour member, TC, said 'I did not have a strong feeling of satisfaction or dissatisfaction toward the tour because it is important for one to be understanding of the difficult situation and be able to make a justification' (Day 9). It appeared that one should be flexible in response to an incident in order to have a good holiday.

The hard elements such as the hotel rooms and the coach service received few complaints except for the quality of the food. The soft elements – such as the tour leaders' performance in providing trust and confidence in customers was crucial in connection with customers' satisfaction. Taiwanese tour leaders demonstrated almost 24-hour service in meeting customers' needs. A special event and carefully designed activities proved helpful in providing enjoyment and satisfaction. Apart from these, tour members' attitude and cultural background also influenced the level of satisfaction.

6.3 Telephone interviews – tour members of the guided package tour to Italy

This section presents the findings of 23 (out of a total of 39, 10 males and 29 females) interviewed Taiwanese tour participants who joined the guided package tour to Italy and were members of Coach B. The participants were asked to answer 10 questions regarding their travel experiences and feelings in relation to service encounters (also

see Appendix 4.2). Table 6.13 (see Appendix 6.1) shows the names of participants and their gender – 7 male and 16 female.

6.3.1 Reasons for joining the tour

The first question asked why they joined the Italian tour and what were their travel motives? The answers are discussed under three categories – sources of information for joining the Italian tour, reasons for joining the Italian tour, and travel motives.

Sources of information

The telephone interview data indicate that tour participants received travel information from four different sources – friends, colleagues, relatives, and the tour organizer's promotional pamphlets. Table 6.14 (see Appendix 6.1) shows that only 4 tour participants joined this tour as a result of information from the organizer's promotional pamphlets, the others were based on word-of-mouth suggestions. It also reveals that more tour participants got their travel information from family members or relatives. The sources of information suggest the importance of a company's image and the power of word-of-mouth communication.

Reasons for joining the tour

Table 6.15 (see Appendix 6.1) shows the reasons for tour participants joining this company's Italian tour. The data reveal that for many of the tour participants the decision to join this package tour was based on more than one reason. SC indicated that she participated in this tour for multiple reasons – a friend's recommendation, the price, the good performance of the TL on a previous trip, the good reputation of the T/A, and the right time for joining the tour. The right timing and the reasonable price (lower than the general current market price) of the tour was a major reason for joining the tour since most participants received the tour information from friends or relatives. Apart from these two, other reasons include the invitation or encouragement of colleagues and relatives, the good itinerary, the good reputation of the T/A.

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An essential element which permits travel is the timing: being free of constraints and being able to take a holiday, or having a chance to travel with family members, being temporarily without a job, or being retired. The timing indicates that most Taiwanese tourists do not plan their overseas travel far in advance. Table 6.15 shows that a reasonable or competitive price is the most important consideration for participating in the company's tour – a major incentive. In addition, travel partners - including friends, colleagues, or relatives – very much influenced the travel decision-making. Many considered that travelling with people they know makes it more fun. Among the tour participants many actually travelled with their colleagues or friends. Two participants said the reason they joined was because they knew TL-A who would lead this tour and had confidence in him (their actual tour leader was TL-B because the travel agency had organized two tour groups).

A T/A's good reputation attracts either repeat customers or new customers. Five tour participants indicated that this was an important reason for joining the tour. Only one tour participant was attracted by the itinerary of the tour however, even so it was her colleagues' recommendation that motivated her to join the tour.

Travel motives

The travel motive refers to the reason participants made this journey. Among the interviewed tour members, two indicated that they had been to Italy before - SL took the trip to have a break and also to look for friendship; she said '*I did not mind coming again since the travel partners are different and I had different fun*', and MiW said '*my parents are getting old and I like to spend time with them.*'

Their reasons for travelling could be categorized into five motives - get way from home, to see a different culture, to see Italian attractions, to go shopping abroad, and a family reunion. Many indicated that they wanted to get away from work pressure or the daily routine and experience a different culture and scenery - they travelled for the relaxation, and the destination was not so important to them.

By contrast, almost half of the tour participants interviewed indicated that they liked to experience ancient cities - historical architecture, arts, and the various attractions of

Italy. They considered the country to be a well-known tourist destination which would enlighten them and broaden their views.

Two tour participants pointed out that Italy is well known for clothes. Part of their travel purposes was for brand name shopping. In addition, there were two families (5 members in each of the Mia and the Chi families) who indicated that they joined the tour because it was a chance for family members to get together.

Table 6.16 (see Appendix 6.1) also shows that tour members' travel motives can be varied. For example Mrs C1 travelled to see different things and to meet different people. Ms PaS did not only want to get away from a busy routine but also wanted to see the different culture and scenery.

6.3.2 Travel expectations

Table 6.17 (see Appendix 6.1) shows tour participants' travel expectations of the trip to Italy. The data reveal that tour participants had low expectations in general and many of them did not have a clear picture about their expectations. Relaxation could be their travel expectation since almost half of them indicated that they had no particular expectations – they just went for relaxation. Mr PG said 'I did not feel excited about the trip; it could be because I have travelled a lot'. Mr GrH said 'when I travel with a group, I have no particular expectations'. Mrs EDF3 indicated that she would compromise with the reality and did not have particular desires. She seemed able to adapt her expectations to a practical level. Several indicated that they did not expect too much as long as they could enjoy themselves and have fun. One even pointed out that when travelling, one should have low expectations, and not be too fussy about things.

Only 6 tour participants indicated that they had specific expectations. Ms BG expected to be able to shop for Italian leather products (based on the participant observation, she did spend a lot on shopping, see Appendix 6.1, Table 6.17). TG expected to stay in good quality hotel rooms; it appeared that she worried about the quality of the tour since the price of tour was reasonable (it was observed that TG probably came from a wealthy family; her dress was excellent and a Mercedes Benz

came to pick her up when the tour was over). Other expectations included having an in-depth view of Italian attractions, to see as many attractions as possible, and to enjoy the carnival in Venice. Among them, one had a high expectation, to experience the Carnival in Venice, and was determined to accomplish it. It appeared that tour participants' expectations might be changed from time to time or by the information they had received. For example, Mr JaH joined this tour because the price was reasonable, and he indicated that he was interested in Italian culture and expected to see many interesting places and architecture, unlike Mrs MiW, who knew there was a Carnival in Venice.

6.3.3 Pre-tour services

Tour members were asked how they felt about the pre-departure service for the trip. The pre-tour service involves contact between the front-line service personnel and the customers – including the pre-tour induction and the delivery or collection of travel details, documents and fees for the tour.

The telephone interview data revealed that in general the pre-tour service did not impress. Only one tour member - Mr BB – indicated that the service personnel were enthusiastic – the travel agency had sent an employee to collect travel documents. In contrast, one (Mrs C1) complained that the service personnel were passive, not very friendly or enthusiastic. She said that she had sent the travel documents to the travel agency and felt that she was the one taking the initiative. The remaining tour members indicated that they did not consider that the travel agency had provided much or special service; it was just adequate and the service was acceptable. Nevertheless some of them suggested that the travel agency should make more effort in providing detailed local information for participants.

According to the researcher's understanding, the travel agency had sent employees to collect travel documents from participants unless the tour members lived too far away from the travel agency. Under certain circumstances, the travel agency might not be able to do so. For example, Ms TG said that *'the travel agency did not send their employees but a special delivery company to collect her travel documents.'* Mrs. EDF2 said that *'I delivered my travel documents to the travel agency since my*

colleagues were late giving the documents to the company.' On the other hand, some customers preferred to visit the travel agency. As one female participant expressed it *'my colleagues were wondering about the legal position of the travel agency, so I went to visit the office to ensure it was an accredited company*

The pre-tour induction is an important meeting for tour participants in terms of understanding all the travel details. The travel agency held a pre-tour induction for participants. However, many indicated that they did not participate in the induction. The researcher participated in the induction, and actually only 23 tour participants (out of total of 79 tour participants in both coaches including the researcher) attended the meeting.

6.3.4 Customer satisfaction

The tour participants were asked about their overall satisfaction/dissatisfaction with the quality and service of the tour. Their responses indicated that in general the Italian tour was successful - the majority of tour participants indicated that they were satisfied with the tour and several indicated that it was acceptable even though there were a few defects (see Appendix 6.1, Table 6.18 and Table 6.19). None of them expressed strong dissatisfaction with the tour.

Several elements were identified as reasons for satisfaction. The majority of participants had multiple reasons for satisfaction. Most of the participants considered that the good interaction among tour members made them satisfied. The second popular reason was the good itinerary, followed by the local attractions, the good performance of the TL, a special event such as the carnival in Venice, the chance to learn new things, and personal attention from the tour members and the TL.

It seemed that uncontrollable elements are important for customer satisfaction. The results showed that good interaction among tour members, which was not connected with the T/A or the TL's service, was important for tour members. Although many considered that the itinerary was good several indicated that it was too rushed – the problem resulted from the conflict between individual needs and physical capability. However, the tour leader's arrangement in the pace of the daily schedule should be

taken into account (he had altered the itinerary). It appears that the price of the tour also has an impact on customer satisfaction. A few participants mentioned that they were satisfied with the quality of the tour because the price they paid was inexpensive.

Apparently, the beauty of Italy impressed many tour members and the attractions of the destination helped to improve customers' satisfaction. A special event, the carnival, attracted much attention and proved very effective in increasing customer satisfaction. Although good performance by the TL had not been considered by the tour members in general as vital, several participants believed this person was the most important factor for the success of the tour. For example, one tour member who had her birthday celebrated on the tour by the tour leader and tour members felt very satisfied.

Numerous tour participants were not satisfied with the quality of the tour for several reasons. These defects resulted from poor arrangements by the T/A including the poor quality of Chinese food, too many tour members on the tour - spending too much time waiting for other tour participants, and the tight itinerary. Actually, the poor quality of the Chinese food upset most of the tour participants although some of them did not verbally indicate this. In fact, they were not angry with the poor quality of the Chinese food after the tour leader had explained the situation. One deficiency unrelated to the T/A 's service was an unsafe destination. One participant encountered a thief on a bus and a scoundrel on a street, which made it unpleasant for her. Although the incident was not the service provider's fault, one may blame it on their carelessness.

6.3.5 The tour leader's performance

Tables 6.20 and 6.21 (see Appendix 6.1) show the tour participants' different comments on the performance of the TL. In general the TL's performance received highly satisfactory comments. The TL-B received wide recognition for his performance skills, particularly since he was well-informed about local history and culture. Almost all the participants considered he was very good at interpretation of historical anecdotes and was able to interest them. A few indicated that he enlightened them and made them want to learn. Beyond this, some considered he was an experienced TL, and was able to manage the itinerary well and that he created a good

atmosphere on the tour. He also interacted well with tour members. Apparently, doing customers a small favour – buying them coffee and ice cream – helped to develop a good relationship with them.

Tour participants also appreciated the tour leader's (Coach B) service attitude. They considered that he had provided good service: he was helpful and was able to satisfy customer's needs; he worked hard and was not a self-centred or self-interested type of person. One participant considered that he was very thoughtful and considerate of tour participants since he organized a birthday party for a female participant. Two female tour participants said he was much more knowledgeable than the tour leader in Coach A and another indicated that his performance was of a high standard in comparison with other tour leaders.

However, he had his weaknesses. Apart from his way of collecting tips, the TL also received a few negative comments. Several tour participants – mainly female (SC, EDF2, ChD, PsS) - considered he was too solemn and did not smile enough at the beginning, which made him unapproachable. A couple of tour participants considered he did not look after the elderly tour participants. One male member (JaH) considered his interpretation was not sufficiently in-depth.

6.3.6 Tipping

Table 6.22 (see Appendix 6.1) shows tour participants' views about tipping. Among all participants, three said they had no opinions about tipping. Almost half of them indicated that the amount of the tip and the way the TL asked for tips was acceptable. However, many emphasized that they accepted this because the TL worked hard and they considered he deserved the amount he asked for. A couple of them said the amount of tip – US$ 8.00 per day - was reasonable since he did not ask more than the amount indicated in the written booklet. One participant said some TLs collected tips in advance which made tour members nervous. He was glad that TL-B did not do so. A female participant considered there was no need to haggle about the amount of tip since she seldom tips people and the TL-B had done good work.

On the other hand, many tour participants considered the matter to be arguable. Ms BG and Ms TC felt that the TL should not ask for a ten-day tip – the first and last day should not be included. Two participants said they felt bad when the TL kept reminding them about his tips. A female participant even suggested that the TL should make it clear about the arrangement for tipping in front of tour members and should collect the same amount from each participant. Another female would have preferred the tip to be included in the cost of the tour to avoid embarrassment. Lastly, one participant – JaH - considered that the behaviour of asking for tips was unacceptable since the job of TL is a dignified one and should not involve asking for tips. He also pointed out that some tour members actually did not tip the amount that the TL had asked for.

6.3.7 Future return

Table 6.23 (see Appendix 6.1) shows that 8 tour participants indicated that they would return in the future if the destination was right. On the other hand, three tour members said they would not. Among these were three female participants, their reasons for not returning were various – one did not enjoy the group tour even though she considered that it was good, another did not like to be limited to one travel agency and did not consider herself to be a loyal customer, another found it difficult to cope with the tight itinerary of the group tour. Two did not want to imply that there was anything wrong with the travel agency but simply that they did not like the group tour.

In general, the majority of participants said they would return conditionally. Among the reasons, many indicated that an inexpensive price would be crucial for future return and half of them (6 tour members) said it would depend on the TL – if the next tour had the same TL as this trip or someone they could trust, they might consider participating again. As a female tour member – GrW – pointed out 'the tour leader is the most important person for the success of a tour'. Mr JaH was the only one in the entire group who considered that the tour leader's (TL-B) performance was unacceptable – both in interpretation and collecting tips (see Tables 6.21 & 6.22). However, he said he would consider a future return if the tour leader was the same again. Apparently, the TL is also another key factor for customers' future return. The

data shows that a repeat purchase may depend on multiple reasons – many actually indicated it depends on both a reasonable price and the TL.

6.3.8 Most memorable

On the whole, the majority of tour participants very much enjoyed their holiday by experiencing different activities and seeing all kinds of attractions. Table 6.24 (see Appendix 6.1) shows the interviewed participants most memorable events on the tour. The results reveal that the Carnival in Venice and the positive interactions with other tour members were the two most memorable events. Apart from the well-known special event and the beauty of Venice which impressed all tour participants, the mutual respect and the harmonious atmosphere among tour participants made the tour very enjoyable. As Mrs ChC said ' *on the coach a tour member gave her seat to one tour member who wanted to sit at the front.*' Her daughter – Ms ChD – said ' *I feel the destination is not so important, the companions and the atmosphere on the tour are more important.*'

The destination itself featured as much more memorable than had been imagined. Table 6.24 reveals that the characteristics of the destination itself – rich cultural heritage, beautiful scenery - could contribute many impressive images and play an important role in the quality of the tour. Other memorable events included becoming knowledgeable about other cultures and customs, a dinner and dance in an Italian restaurant, and the taste of Italian coffee. The dinner and dance was organized by the TL. The atmosphere and interactions among participants were enhanced during the dancing. Nevertheless, one participant indicated that he had no particular feeling about the activities on the tour (but, based on the participant observation, he was highly satisfied by the paintings in museums (see Table 6.12, GrH)).

6.3.9 General opinions of the tour

Table 6.25 (see Appendix 6.1) shows tour participants' general opinions of the tour. Apart from improving the quality of Chinese food, a few tour members indicated that if the travel agency could provide more detailed written information regarding the local culture and history, this would have made the tour more interesting. A couple of

them indicated that the positive attitude of travellers was important in order to make the tour enjoyable. They advised that once on the tour, tour participants should accept the situation and not complain. Also, pleasant tour members with similar perceptions of travelling made the tour more successful. C1 said *'my sister observed that the similar background of tour members enabled a better interaction to develop among them.'* In addition, some mentioned that in order to have a good trip a good TL is needed. However, this would depend on good luck. Other opinions included that there should have been more time for shopping, tasting the local cuisine, spending more time in Rome, and more nightlife activities. A big group results in constant delay, one participant suggested that tour members should abide by the rules of punctuality.

Their opinions reveal a number of phenomena. Good food is important for Taiwanese tourists. Their opinions also show that Taiwanese tourists can be motivated to learn, but they are less independent and very much reliant on the T/A or the TL's services. Also, they tend to accept the reality, which indicates that they are passive in demanding things and can be conciliated with little difficulty.

6.3.10 Conclusions

Taiwanese travellers who join a group tour tend to be less independent and are seeking companionship. The price of a tour and other people's opinions are profound influences on their decision-making. In addition, they take the initiative less and expect the travel agency or the tour leader to do things for them. However they are persuadable through proper communication.

The majority of the tour participants were satisfied by the TL's service and the quality of the tour based on the price they had paid. On the other hand, there were a few points which made it less enjoyable for them when on the tour. The followings are their suggestions for improvement:

The travel agency:
* Avoid large groups on a tour;
* Provide detailed written information regarding the destination;
* Avoid a tight itinerary;

* Improve the quality of Chinese food and provide more local cuisine;
* Improve nightlife activities;
* Avoid unsafe destinations or areas.

The tour leader:
* Be aware of the needs of non-shoppers;
* Avoid the sensitive issue of tipping;
* Smile more.

The tour participants:
* Be punctual;
* Do not be picky or inflexible

Uncontrollable events (by being prepared, the tour leader can provide a justification):
* Bad weather;
* Theft.

In fact, the tour participants' biggest irritation was not about the service. The most criticized defect was the quality of the Chinese food, which was not the TL's direct responsibility. It was tolerated by most tour members since they realized that the quality of food oversees was not comparable with the quality in their home country. Other defects were minor and were forgivable.

Participants' responses also revealed their needs and wants when on tour. Their needs were different and changed from time to time. The evidence shows that participants' needs and wants were influenced by the destination's characteristics - the Italian destination aroused the desire for shopping as well as learning about the ancient Roman Empire. As a result, on this particular tour, shopping for brand names, being knowledgeable in the local culture and customs, companionship, and being able to relax and enjoy the Italian culture were all demonstrated as important needs and wants.

Other summary points also emerged. Tour members could be very demanding but could also be persuaded through proper communication beforehand. In fact, the pre-

tour induction provides a good opportunity for mutual understanding. The performance of the tour leader in interpretation skills and a friendly attitude is crucial for their satisfaction. Apart from the aspects of service providers, the attitude of customers toward service encounters and a good interactive atmosphere among tour members also led to great satisfaction. Highly satisfied customers have a greater tendency to return in the future but they did not necessarily indicate that they would be back for business – it would be very much dependent on whether the price is reasonable and whether the TL is a person who they can trust.

6.4 The collaborating travel agency's questionnaire survey – tour members of the guided package tour to Italy

This section presents the findings of the questionnaire survey conducted by the tour leader during the last day of the tour. 24 tour members – 18 females and 6 males - filled in the questionnaires (see Table 4.7). Not all the tour members responded to the questionnaire since there were many family groups in the tour. Apart from the background information of each respondent, the questionnaire is composed of 5 categories which include the service quality of salespeople & front-line personnel, the service quality of the tour leader, the service quality of the local guides, the on-tour service quality (including the hotels, the restaurants, the coach, and the itinerary), and other information. The respondents were asked to indicate their level of satisfaction – very satisfied, satisfied, acceptable, and dissatisfied (see Appendix 6.2 and Appendix 6.3).

Since this section has an objective which focuses on tour participants' satisfaction in general rather than by their demographic variables, only the gender and travel experience variables are used to indicate respondents' satisfaction with different aspects of the service encounters. Based on the conversations between the researcher and the tour participants during the tour and the interview data, tour participants' levels of travel experience were identified and were classified into four levels – limited, some, moderate, and extensive travel experience (see Table 4.6). The respondents did not answer all the questions requested by the travel agency. If the total number of respondents was less than 24 in the tables, then these data were not concluded.

6.4.1 Pre-tour services

Table 6.26 (see Appendix 6.1) shows the respondents' level of satisfaction with the service quality of the salespeople or front-line personnel. The service quality of the travel agency's front-line personnel was divided into three subcategories namely their service attitudes, their professional knowledge, and their service efficiency. A few respondents did not answer the related questions because they did not come in contact with the travel agency's front-line personnel. The data indicates that the majority of the respondents were in the category of "satisfied" with the service of the front-line personnel. A few felt that the service quality was acceptable and one respondent had negative views about their service quality. It indicates that the service personnel did not provide an outstanding service during the pre-tour stage and the respondents did not consider that their service attitudes were outstanding or that they were very knowledgeable in their expertise. Regarding the level of satisfaction, female and male respondents did not in general show any significant difference.

The previous travel experience of the tour participant influenced their level of satisfaction with the Italian tour. Respondents' previous travel experience was divided into 4 categories: limited experience, some experience, moderate experience, and extensive experience. Among the 24 respondents, there was 1 respondent who was identified as having limited travel experience, 5 were identified as having some travel experience, 8 were identified as having moderate travel experience, and 10 were identified as having extensive travel experience (see Table 4.6).

Table 6.27 (see Appendix 6.1) shows the level of satisfaction of those with different travel experience regarding the service of the front-line personnel. The data shows that the travellers with extensive experience were in general satisfied rather than very satisfied with the service of the travel agency's front-line personnel. However, the moderately experienced travellers were in general very satisfied rather than satisfied with the service of the travel agency's front-line personnel. The travellers with some experience were in general satisfied rather than very satisfied with the service of the travel agency's front-line personnel.

6.4.2 The tour leader's services

Table 6.28 (see Appendix 6.1) shows the respondents' level of satisfaction related to the service quality of the tour leader. The data indicate that the tour leader's performance was outstanding overall - the majority of the respondents were very satisfied with the tour leader in terms of his service attitudes, his professional expertise, and his interpretation skills. A few females commented that he was experienced, knowledgeable and provided a good service. Among the three service elements, his service attitude did not receive very high satisfaction compared with other two. The results were supported by the interview data – a few tour participants considered he was too solemn. There was a slight difference between female and male respondents in terms of their level of satisfaction – all the male respondents but not all the females indicated that they were very satisfied with the service quality of the tour leader. One female respondent indicated that she felt delighted that the tour leader remembered her birthday.

Table 6.29 (see Appendix 6.1) shows the level of satisfaction of those with different travel experience regarding the service quality of the TL. The travellers with extensive experience indicated the same level of satisfaction in the three service categories of the tour leader. The travellers with moderate experience and some experience seemed to have varied opinions about the tour leader's service attitude. In general, the data shows that the travellers who had more travel experience tended to show a higher level of satisfaction with the service quality of the TL than those who had less experience.

6.4.3 The local guides' service

Table 6.30 (see Appendix 6.1) shows the respondents' level of satisfaction related to the service quality of the local guides. The data show that the local guides did not impress respondents much – more than half the respondents indicated that they were satisfied rather than very satisfied with the service of the local guides in each of the three categories. The female and male respondents seemed to have felt the same about the local guides' performance. One female respondent indicated that she was dissatisfied with the local guides in terms of their professional knowledge and their

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interpreting skills. Two respondents commented that they could not hear the local guides' interpretation – their voices were too low.

Table 6.31 (see Appendix 6.1) shows the level of satisfaction of those with different travel experience regarding the service quality of the local guides. In general, the data indicate that the travellers with less travel experience tended to be more satisfied with the service quality of the local guides than those who had more travel experience.

6.4.4 On-tour service

Table 6.32 (see Appendix 6.1) shows the respondents' level of satisfaction in the categories of the hotel service, the arrangement of food service, the service quality of the coach, and the arrangement of the itinerary. Most respondents were satisfied rather than very satisfied with the service quality or facilities of the hotels. The quality of food service was less satisfactory compared with other service encounters - only a few respondents indicated that they were very satisfied and nine respondents indicated that the arrangement of the restaurants was acceptable. A few respondents commented that the Chinese food was of poor quality and one commented that the travel agency should provide more local cuisine.

Similarly to the assessment of the quality of the hotel and food, the service quality of the coach and the arrangement of the itinerary did not receive a high evaluation. One respondent commented that the seats on the coach were too small. A couple of respondents commented that the travel agency should have arranged for tour members to stay in Rome for two more days. A couple of respondents wished the travel agency could have provided more detailed local information for tour members including city maps. Also, one commented that the itinerary was too rushed and another commented that the long walk to the Italian restaurant for dinner should have been avoided. The data also show that none of the male respondents were very satisfied with the service quality of the hotel, the coach and the taste of the food.

Table 6.33 (see Appendix 6.1) shows the level of satisfaction of those with different travel experience regarding the quality of the hotel, food, the coach, and the itinerary. There was no significant difference of satisfaction among those with different travel

experience regarding the service quality of the hotels and the coach. However, the data shows that the travellers who had more travel experience tended to have higher satisfaction level than those who had less travel experience in the aspect of food quality as well as the arrangement of the itinerary.

6.4.5 Received information and recommendations

The tour members were asked how they got the information for joining this tour and whether they would recommend this itinerary to their friends or relatives. Table 6.34 (see Appendix 6.1) shows how the tour members knew of this tour. The data indicate that the majority of the respondents received the travel information from their friends or relatives. Only a few indicated that they got it from the travel agency's promotional pamphlet or the company's staff. In addition, all the 24 respondents replied that they would recommend this itinerary to their friends or relatives.

6.4.6 Conclusions

The questionnaire was used to evaluate tour participants' total satisfaction with each main service aspect. The findings indicate that most respondents were satisfied with the service quality of each service element in general. The results regarding customers' levels of satisfaction were similar to the findings of the telephone interview data – the performance of the tour leader received the highest satisfaction and the arrangement of Chinese food received the least satisfaction compared with other service elements.

The results show that the travel agency's front-line service personnel only provided an average level of service. The relationship between the travel agency and the tour participants during the pre-tour stage was not particularly close. The service quality of the tour leader impressed the majority of the respondents. As with the front-line personnel, the performance of the local guides and other service elements on the tour did not impress all the tour participants. Nevertheless, all the respondents indicated that they would recommend their friends and relatives to join this itinerary again.

Although the sample size of this survey was too small to predict the satisfaction differences among travellers with different travel experience, it showed a few patterns which can be used for further discussion. The travellers who had more travel experience tended to have more objective views and expressed higher satisfaction with the service quality of the TL than those who had less travel experience. On the other hand, the travellers who had less travel experience tended to show higher satisfaction with the service quality of the local guide than those who had more travel experience. As a result, there was not enough evidence to indicate a satisfaction difference between the travellers who had different travel experience.

6.5 Summary of participant observation, telephone interviews, and questionnaire survey

This section concludes the findings of the participant observation, the telephone interviews, and the questionnaire survey. The questions of the questionnaire survey are mainly related to customer satisfaction, hence the conclusions drawn under the following headings – travel motives, travel expectation, customers' needs and wants - include only the findings of the participant observation and the telephone interviews.

6.5.1 Travel motives

There were some similarities and differences between the participant observation and the telephone interviews regarding tour participants' reasons for travel. Both sets of data showed that going away from the daily routine was an important motive for travel but the telephone interviews also indicated that seeing the Italian attractions or seeing the differences of culture and scenery were also important motives. This illustrates that the 'pull factor' is equally as important as the 'push factor' in terms of travel motivation. However, the researcher believes that for this specific tour, the 'push factor' seemed to have much more impact than the 'pull factor' for two reasons. Firstly, the reasonable price of the tour triggered tour participants' desire to travel. Secondly, although the tour participants did not originally have a strong desire to visit Italy, their good holiday experience recalled their desire to travel to Italy.

6.5.2 Travel expectations

Both the findings of the participant observation and the telephone interviews showed that most tour members had low or limited expectations in general. The results might be related to the low price they had paid for the tour, their travel motivation, and their travel attitudes – not to be too fussy. Some tour participants indicated that they had expectations which were rather dependent on the travel agency – quality food and hotel rooms, opportunities to see and learn a different culture. However, their expectations, such as, "only expected to be able to enjoy the holiday" or "just wanted to have fun," although sounding easy to achieve and unambitious, in reality require lots of services to be accomplished by the service providers.

6.5.3 Customers' needs and wants

Based on the participant observation and the telephone interviews, the findings revealed that being able to enjoy themselves and having good fun is an essential want when making the trip. Tour members' needs and wants were very dependent on the arrangements made by the tour leader. Although tour participants were very fond of eating (see Table 6.25) (acceptable food is expected as a matter of course for the tour), it was not an essential need on the holiday. Tour participants tolerated the poor quality of food since they understood that it was outside the travel agency's control (through the tour leader's explanation). The findings also showed that tour participants wished to make new friends and wanted to have good interaction with tour members.

A strong desire to go shopping has been identified by the participant observation, but little mention was made of their shopping desire during the telephone interviews; they might not have wanted to show off or were embarrassed to say so. For example, Mrs GrW indicated in the telephone interview that she enjoyed seeing and learning about the different culture and was satisfied with seeing local attractions and the arrangements of the itinerary, but she did not mention any shopping experience. In fact, on the tour she spent a large amount of money on shopping for her daughter, grandson, and relatives. Hence, her husband was annoyed with her for spending too much money. During the telephone interviews, Ms C3 indicated that she did not buy enough when in Italy and she has asked the tour leader to shop for her when he visits

Italy again. Ms BG and TG also indicated that they wished they had had more time for shopping (based on participant observation, they were also found to be keen on shopping). Although, many tour members showed their intention to shop, it seems that the females, particularly the single females, tended to have a stronger desire than others.

6.5.4 Satisfaction

<u>Pre-tour services</u>

The questionnaire data indicate that the majority of tour members were either satisfied or very satisfied with the pre-tour service, while a few indicated that it was only acceptable. Only Mrs C1 indicated that she was very dissatisfied (more than dissatisfied) with a female front-line service employee. Based on the participant observation none of the tour members commented on the service quality of the front-line employees except for one male tour member in Coach A, who complained seriously to the TL-A that one female front-line employee had a poor service attitude and ignored his phone calls. Based on the telephone interviews, the majority of tour members considered that the front-line employees' service was ordinary. Some suggested that the travel agency should provide more written information regarding the destination. Mrs C1 also indicated that she was unhappy with a female front-line employee who was passive and unfriendly. In short, although the collected data were unable to provide details about pre-tour service encounters, it appears that tour members were not impressed by the pre-tour service even though the travel agency provided a delivery service, with despatch personnel to collect travel documents from customers. The researcher considers that front-line employees' taking the initiative in providing service might help to increase customers' satisfaction.

<u>The tour leader</u>

The questionnaire data indicated that the tour leader's performance in general received high satisfaction. Ms C3 considered that the tour leader made the tour interesting and was full of 'artistic quality' and the travel agency should be proud of him and cherish him. However, a female suggested that the tour leader should talk and

joke more. Participant observation indicated that the tour leader developed a good relationship with tour members and was able to satisfy tour members' needs. Some also considered that he was honest and could be trusted. The telephone interviews also showed that the tour leader's performance, particularly his interpretation skills, impressed many tour members. Overall, he received a few minor criticisms and was considered careless (from both the participant observation and telephone interviews) in certain critical incidents. On the other hand, he was also considered very thoughtful in providing his service (see 6.3.5a). In fact, he did not cause problems, he just did not provide comprehensive enjoyment for customers. In short, he did not satisfy all the tour members.

The local guides

In general, the performance of the local guides did not impress tour members. The data from the questionnaire survey show that their performance was only average. A tour member - Mrs C1 - expressed low satisfaction with their performance. Although the local guides did not receive many criticisms or comments from tour members in either the participant observation or the telephone interviews (except for tour members in Coach A), this does not mean their service was satisfactory. Since most of them are part-time or shopping-tour guides one of their major aims is to get customers to go shopping. Another reason the tour members did not appreciate their performance was that during the walking tours, many tour members were distracted by other attractions or activities, and as a result they paid less attention to the local guides.

The quality of the tour

Other services on-tour included the arrangement of the hotel rooms, the food service, the coach, and the itinerary. Based on the questionnaire survey, the quality of the arrangements of these aspects of the tour did not impress tour members. But in general, this did not have a significant impact on customers' dis/satisfaction, except for the provision of food. Based on the participant observation and the telephone interviews, the data showed that the quality of food, mainly the Chinese food, needed to be improved. In addition, there were different opinions regarding the improvement

of food arrangements – a few suggested having more local cuisine, but some would have preferred to have more Chinese food.

The hotels were 3 or 4-star standard. Based on the participant observation, the quality of the hotel rooms did not receive many complaints but the service of the hotel received a few criticisms – mainly the shortage of manpower. During the telephone interviews, none of respondents commended the quality and service of hotel rooms. It seemed that the arrangement of the hotel rooms was satisfactory.

The quality and service of the coach did not receive many comments except from one female who considered that the seats were too small. Based on the questionnaire survey, the coach service did not in general highly satisfy tour members. In fact, the researcher considered that the coach driver was very helpful – provides extra trips and stopped at the roadside for customers to take photographs. It seemed that the lack of opportunity for interaction between the driver and tour members (the language problem) prohibited the tour members from having higher satisfaction.

Opinions about the itinerary were two-sided. Based on the telephone interviews, many tour members were happy with the arrangement of the itinerary, but many suggestions for improvement were received from the questionnaire survey; this category also received more comments than the other categories in the questionnaire survey. In fact, many respondents considered that the arrangements of the itinerary are crucial, and the travel agency should pay more attention on it. Overall, the arrangements of the itinerary had a significant impact on customers' satisfaction.

6.5.5 Negative Incidents of Low Significance (NILS)

Tour participants had different perceptions of, and reactions to, the service encounters. Their reactions to the service encounters might be related to the opportunities for service encounters they would experience in the future. For example, comparing the quality of food and the arrangement of the itinerary, tour members seemed to have less tolerance for the poor arrangements of the itinerary than for the poor quality of food since they would be less likely to visit Italy again. They were more likely to be convinced by the reasons for the poor arrangements regarding the

food since they were more likely to accept the fact that good quality of food overseas could not be expected.

The collected data in general revealed that even though a person had complained on the tour he/she might return again in the future (such as the JaC couple, C1). Some tour members tended to encounter more unpleasant experiences than others, for example, Mrs C1 was dissatisfied with the front-line service personnel and the performance of the local guides (based on the questionnaire survey); she quarrelled with her sisters and disliked a few tour members (based on participant observation), but she indicated that she would return if the price for the next tour is reasonable and she has suitable travel partners. Mrs SC had a quarrel with a waitress in a Chinese restaurant because of her poor service attitude (participant observation). However, the data from the questionnaire survey indicated that she was very satisfied with the arrangement for the food service and indicated (in a telephone interview) that she would repeat-purchase because of the tour leader. These indicated that one or more negative incident did not necessarily prevent future return. Apparently, tour members regarded their negative incidents as having low significance. Oliver (2000) revealed that the consumer may be fairly tolerant of a single shortfall or may even endure several shortfalls in product performance. Swarbrooke and Horner (1999) noted that tourists do not expect perfection, but they do expect prompt action to be carried out effectively when problems occur. The phenomenon of 'negative incidents of low significance' (NILS) was prevalent among tour members and its impact on satisfaction was dependent on the individual evaluation of the tour.

6.6 Conclusions

The participant observation uncovers the reality of phenomena on the scene. The telephone interviews integrate tour members' final views (after discussion with others) of their travel experience. Although quantitative data from the questionnaire survey has a limited value in establishing customers' opinions, in particular the meaning of satisfaction and the interrelationship between service providers and receivers, it nevertheless provides overall views of tour participants' satisfaction in each service category. By combining all three perspectives, a comprehensive picture of the service encounters during the tour becomes possible.

The collected data indicate that Taiwanese travellers show less initiative and prefer to participate in group activities. They tend to rely on travel agencies or tour leaders to do things for them. If things go wrong, the ability of tour participants to tolerate 'negative incidents of low significance' naturally enables them to maintain a good relationship with service providers. Good interaction between the tour leader and tour participants through communication helps to reinforce their satisfaction. Personal attention and recognition is an important way to develop a good relationship with them. But their satisfaction on the tour did not entirely depend on the service providers; good interactions with other tour members also played an important part.

Overall, the majority of the tour members had a positive view of the quality of the tour (all saying they would recommend it to their friends or relatives), nevertheless they would repeat-purchase only under certain conditions – mainly dependent on price and the tour leader. The collected data from the three perspectives showed that word-of-mouth was the most effective way to generate customers. The findings suggested that the tour leader is the best person to develop a close relationship with customers and to generate repeat business. Repeat business is based on the trust of the tour leader's performance who in addition is able to offer a reasonable price to customers.

Chapter 7: Discussion

7.1 Introduction

The discussion presented in this chapter is based on the themes derived from the findings. The first section is introductory. The second section evaluates customers' travel motives and their decision-making determinants in buying a travel product. In particular, social interaction and communication were found to be important motives for Taiwanese travellers. Price was an important incentive to encourage people to buy. The third section evaluates customers' expectations prior to the tour as well as when on the tour. Taiwanese travellers' levels of expectation are profoundly influenced by the information received and the price paid. However, they tend to aim for an adequate level of travel expectation rather than a desired level of travel expectation (Zeithaml et al., 1993) due to their cultural background. The fourth section identifies the service performance of the administrative staff and salespersons during the pre-tour stages of the service encounter. The fifth section investigates the role of tour leaders and reveals that many Taiwanese travel agencies still prefer to use company staff for the role of tour leader, in order to generate closer relationships with tour participants for future sales. Tipping was found to have a negative impact on the assessment of a tour leader's performance. This section also investigates travellers' consumption experiences and their dis/satisfaction. Five decisive variables – product attributes (core elements), destination attributes, personal behaviour (including emotional responses, perceived equity, and attribution), performance elements (including dimensions of service quality), and supplementary elements - were found to have a direct impact on customer dis/satisfaction during the on-tour stage. The sixth section investigates the importance of overall satisfaction/dissatisfaction with the travel agency in relation to repeat business. Travel agencies tend to rely on their own salespersons, who lack the performance skills to build long-term relationships with clients, in order to generate repeat sales. However, traditional relationship marketing is not always suitable for a large Taiwanese travel agency. In addition, a competitive price also needs to be considered in order to generate repeat business.

7.2 Decision-making and customer motivation

Managers in the travel industry are keen to know what influences customer decision-making and how customers make their decisions. Although the reviewed literature indicates that travellers' decision-making involves many elements and steps, it can also be a very simple process - based on the findings of the interviewed tour participants. Their decision-making is more likely to be dependent on three key factors: (1) sources of information, (2) travel motives, and (3) price. In fact, too much information might confuse the buyers. The poor image of the travel industry in Taiwan might lead the customer to disregard sources from the media, but rely on word-of-mouth communication or the recommendations of friends/relatives.

Travellers' decision-making involves two aspects: selection of a travel agency and a tour product. They are closely related to each other and it is difficult to tell which precedes the other. However, in mass tourism, most tour products arranged by travel agencies are homogeneous in nature (see Hruschka and Mazanec, 1990) unless the travel agencies are promoting special tours, such as tailor-made tours. This study, however, focuses on the criteria of selecting a travel agency rather than the selection of a travel product.

7.2.1 Sources of information

Tour participants in this study received travel information from two different sources – friends, colleagues, relatives, and the tour organizer's marketing activities. However, word-of-mouth communication has the most influence on their travel decisions.

Friends and relatives' recommendations

The source of customers' information plays a vital role in travel behaviour. Mill and Alastair (1992) suggest that the commercial environment and social environment are two major sources of information. Commercial information mainly comes from suppliers and promoters (destinations and tour operators/travel agents) who purposely promote their products to consumers. Social information refers to the information

sought from friends/relatives, and reference groups who receive no financial benefits from the purchasers. The findings revealed that Taiwanese travellers are flexible in decision-making – they often depend on other people's opinions, and are less likely to plan their travel far in advance. In addition, Taiwanese travellers tend to be passive rather than active when taking holidays, and then normally wait until the last minute to make their decision. As a result, word of mouth communication becomes important in influencing customers' decision-making. The findings of this study indicate that apart from price, the social environment – relatives/friends or colleagues' recommendation - was found to be a major influence in customers' decision-making amongst Taiwanese tour participants. The results were partially supported by Chen (2000) who argued that travellers from highly collectivistic societies relied heavily on sources of information from others which included the advice of friends and relatives.

Due to the intangible nature and characteristics of the tourism product, first-time purchasers are more likely to depend on secondary sources of information since they lack experience. Although recommendations from friends or relatives may be distorted since there are based on value judgements, in comparison with commercial information, the social environment is less subject to perceptual bias and has more influence on consumers' decision-making (Mill and Morrison, 1992). In a collectivist and feminist society such as the Chinese, the people are group-oriented and are concerned about the welfare of their friends or colleagues. Personal relationships and kinship relations play an important role in daily life. Naturally, word-of-mouth communication is seen as a reliable source of information for the assessment of tour products and travel agencies.

7.2.2 Travel motives

When discussing travel decision-making one cannot rule out travellers' motives for travel, since they involve the selection of a destination and the reason for travel. When discussing travel motives, looking at customers' travel needs and wants is a good starting point. It is found that travellers' needs and wants are related to the travel agencies' selection, since very often their needs and wants are motivated by the advertisements of travel agencies or recommendations of their salespeople, particularly when promoted with a low price strategy. The findings suggest that

customers do not travel immediately to fulfil their needs and wants. Instead, they restrain their travel needs until the right time comes – a combination of free time to travel, reasonable price, and friends and relatives' recommendation.

Escape from home

Nowadays people take vacations more frequently and with more convenience than before but their travel motives have become much more complicated. An international comparative study shows that the habits of holiday-makers do not differ essentially from country to country (Krippendorf, 1987). Many researchers believe that travellers take vacations for many motives and some of the motives are more prominent than others. This study found that 'escape' or 'getting away from home' motives play a dominant role in triggering travel intentions. In addition, it supports Mayo and Jarvis's (1981) suggestion that the intrinsic motivation – 'push' factor – plays an essential role in determining the desire for travel. However, it is important to realize that travel motives are not necessarily formed instantaneously; they might be shaped gradually by different incidents, or be triggered by some form of stimulation.

According to numerous tour participants' statements, their reasons for travel are to go 'away from home' and to 'see different attractions'. It seems that travellers' travel motives can simply be just to get 'away from the daily routine' or to 'see different things'. However, many tour participants indicated that the reason they joined the tour was because of the encouragement of relatives or friends/colleagues; and many also revealed that social interaction, shopping activities (for brand names), and visiting museums provided a motivation for travel. Participant observation revealed that 'hidden motives' might exist which inspired them to respond to friends/relatives' encouragement. Therefore, their travel intentions seem to be more complicated than we might have thought. Krippendorf (1987) points out that many things remain hidden subconsciously in customers' minds and cannot be brought to light by simply asking questions about their travel motives. However, this study concluded that the motivators of 'escape', 'culture', 'novelty', 'status', and 'social interaction' are important for travellers who participated in the package tour but those motives may not be equally significant for each individual. The findings support the theory that people travel for social reasons and psychological needs but this is not to ignore the

important motives of 'pull factors' – the attributes of a destination - and the price factor.

Cultural tourism

Cultural tourism is becoming mainstream for mass tourism and people want to seek change and undergo novel experiences when on tour (McKercher and Chow, 2001). McIntosh and Goeldner (1995) suggest that people tend to have more interest in travelling to a destination where the culture is greatly different from their own. Gilbert and Terrata (2001) who studied Japanese tourism demand for travel in the UK found that experiencing a different culture is a very important pull factor. Cohen (1979) indicated that cultural distance attracts people's attention but only to the extent that the change remains non-threatening. From the Taiwanese travellers' viewpoints, they considered Italy to be well known for its rich heritage attractions and museums. The romantic atmosphere and brand name shopping in Italy offered the tour participants great opportunities for shopping and sightseeing, particularly to the female travellers who were brand name hunters. In fact, a tour to Italy offered cultural advantages and status (learning, style, and prestigious destination), even though travelling with caution had been advised when staying in the major cities of Italy. Chi and Desombre (1998) indicated that the Chinese are reserved and less flexible and are unenthusiastic about exploring new cultures and lifestyles; they tend to visit places which have a similar culture such as Mainland China and Hong Kong. This may be true for the older generation or during the early stage of the development of tourism, but may not always be applicable to the new generation of Taiwanese travellers who are actually looking for novelty and adventure. In fact, the statistics from the Taiwan Tourism Bureau show that the number of Taiwanese travellers going to long-haul destinations has been increasing steadily and that the average age of travellers is going down.

Social interaction

Hidden travel motives such as companionship, relationships, and shopping were discovered during the participant observation. Social need has been recognised as one of the travel reasons for vacation travellers in many studies (see Mill and Alastair, 1998; Gilbert and Abdullah, 2002), especially for those who join group package tours.

Quiroga (1990) indicated that the guided package tour makes human contact and learning experiences available for those on tour. Both the reviewed literature and the findings revealed that Taiwanese travellers are more likely than Western travellers to travel alone or travel with friends and business associates. It became clear that social functions - meeting new friends and developing friendships with others - played an important role for Taiwanese group participants. It appears from this study that group package tours provided a great opportunity for people who wanted to develop interpersonal friendships, particularly for those who came alone on the tour. Interpersonal friendship is usually developed gradually through on-bus activities, taking group photographs, or group activities at dinnertime organized by the tour leader. The Chinese style of dining – around a round table – provides a great opportunity for social interaction.

However, cultural values/preferences may have a negative effect on interpersonal relationships and impede the quality of the tour. The Chinese are expected to show dignity, reserve, patience, and sensitivity to others. This can sometimes prevent them from joining in activities wholeheartedly. The rule of "say nothing" is common practice (Wei, Crompton and Reid, 1989). However, the thought of group harmony and the toleration of each other prevent disputes from getting out of control. In a sense, tour participants gain from the experience of social interaction on the tour, and in the post-tour stage. The researcher joined post-tour gatherings twice. The evidence from the post-tour gatherings in restaurants organized by tour participants and the activity of exchanging photos showed that some tour participants had developed good relationships with others during on-tour interactions. Many tour participants actually indicated that the companionship developed on the tour and the enjoyment of group activities had made them feel that it was worth joining the tour.

Crompton (1979) identified the motive of 'enhancement of kinship relationships' as one travel motive and showed that taking a vacation provided a great occasion for a family reunion. Krippendorf (1987) identified the travel motive of 'communication', and believed that a package tour provided the opportunity for people to communicate with each other. On the field study, family group participants indicated that they did not often have the chance to do things together and hoped that travelling together would enhance family affiliation and affection. In fact, there is an advantage to family

members travelling together with a group tour. For example, the price a family pays for all the members on a guided package tour is much more economic than their travelling independently when using the same quality of travel product. In addition, pre-arranged services prevent family members from needing to organise anything which in turn offers plenty of time for family members to enhance their relationships.

Gilbert and Terrata (2001) indicated that when travellers' primary motives of travel are to broaden their horizons and to have novel experiences, it could be perceived as fulfilling 'self-actualisation' needs. The results of this study indicated that the need of broadening one's experience was only a partial need for many Taiwanese travellers - including both experienced and inexperienced ones. Instead, they had multiple motives. In terms of Pearce's (1988) Travel Careers Ladder, people have a combination of 'physiological' needs, 'love and belongingness' needs, and 'self-esteem' needs. The results also indicated that an inexperienced tourist does not need to start a travel career from the lower-level motive.

7.2.3 Price consciousness

The findings of this study revealed Taiwanese travellers' value judgments of their vacation experience – they are sensitive to the price paid for a tour product, but on the other hand, they spend a considerable amount on shopping for brand names. In fact, they established a notion of balancing the cost against other aspects in making their value judgment (Monroe, 1990; Sweeney, 1994) – for example by sacrificing tour quality by paying a low price in order to engage in shopping activities. The phenomenon showed that even if they were not satisfied with the quality of product, they might still be happy if their shopping demands or other needs were fulfilled. In a sense, price can be seen as a crucial determinant of the levels of expectation and the satisfaction judgments of Taiwanese travellers.

The findings suggest that this is an important determinant as a travel incentive. Although many respondents during telephone interviews revealed that the destination had motivated them to travel, the findings based on participant observation and their intentions for future return showed that the price of the tour was the major concern which actually served as a major enticement in making a decision. In fact, never

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having been to Italy before and considering Italy as an ideal destination might serve as a major travel intention, but it was the reasonable price which triggered their decision-making and decision to buy the product. These findings coincide with many interviewed travel agencies' views that the price of the tour plays a significant role in the decision of customers to buy. In addition, it is supported by Mansfield (1992) who showed that the low price of a tour and the low cost of a destination are crucial factors for customers in choosing travel destinations (also see Taiwan Tourism Bureau, 1999f). Taiwanese travellers are highly price-oriented. The Taiwan Tourism Bureau suggested that travel agencies should carefully consider the travel destination and price when planning a tour (Taiwan Tourism Bureau, 1999f). Gilbert and Tsao (2000) concluded that Chinese customers are much more price-sensitive than Western customers. Chinese buyers are initially more concerned about the price than the quality of the product. Therefore when marketing to Chinese markets, travel agencies should realize that the price is the customers' crucial concern.

One reason to explain customers' sensitivity to the price of a travel product might be related to the nature of the tourism product and the value of non-physical goods. Since the tourism product only provides a short-term physical experience and is perishable in the long run - it doesn't exist physically after consuming, the only consequence that lasts for consumers is the 'memory' rather than physically owning the product; so consumers feel less secure about spending a large amount of money buying an invisible product (Holloway, 1998; Westwood, et al., 1999; Middleton and Clarke, 2001). In addition, customers' past experiences also influence their selection of a travel product. Based on previous knowledge (Law, 2002), if customers have paid a reasonable price and have received a positive impression from the experience of a tour, they may believe that they can pay less again and achieve the same result or even better consequences for the next purchase. Certainly, these expectations might not always be fulfilled and the results may disappoint them.

7.3 Customer expectation

Expectation is a pre-consumption attitude and a psychological phenomenon. Most research indicates that pre-purchase expectation has an influence on customer satisfaction. However, not everyone has the same expectation of the same tour product due to their cultural background, travel behaviour, past experience, price paid, and external communication; their levels of expectation might also change during different service stage encounters.

7.3.1 Uncertainty/Fuzzy Expectation

The findings confirmed authors' claims in the literature that travellers' pre-consumption expectations involved several elements which included personal psychological needs, previous experience, demographic status, cultural background, other people's opinions, the service provider's promotional activity, and price paid. However, the results of the tour participants' satisfaction survey showed that tour participants had personal needs for taking the vacation which in fact have a direct/dominant impact on pre-tour expectations. Santos (1998) and Walker and Baker (2000) considered that customers would anticipate something about which they had no previous experience. This could be explained by the fact that they were unclear about their expectations and did not have a clear picture of exactly what would be done by the service provider in order to fulfil their expectations (fuzzy expectations). The participant observation supported the above views and revealed that there is a correlation between travellers' pre-tour anticipation and travel motives but these may not always be identifiable such as shopping for brand names as a symbol of status or social interaction in order to feel loved and a sense of belonging. Furthermore, if a 'hidden motive' exists, their expectations may not be clear in the first place to either the customer or the service providers.

Customer anticipation is more likely to be affected by brochures or salespeople who give promises when booking since these are the first sources of information. Augustyn (1997) identified two important gaps in the tourism industry – the quality perception gap and the delivery gap. The findings revealed that external sources (Parasuraman, et al., 1990; Fache, 2000; Kotler, et al., 2003), in particular corporate communications,

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had a fundamental effect on customers' expectations. The finding also revealed that communication/service delivery gaps existed (Zeithaml, et al., 1985; Augustyn, 1997) and were a crucial cause of customers' complaints; tour participants claimed that they did not receive enough information. In contrast travel agencies claimed that customers were difficult to cope with, did not like to read and tended to expect more than they deserved (had paid for). It was clear that more communication, in particular on-tour communication, was definitely needed. As Augustyn and Ho (1998) indicated, travel agencies suggest clients complain at the destination rather than to the agency itself. This means travelers communicate their problems directly to the tour leader. Although the majority of travel agencies had provided written information, it was insufficient. For certain ethnic groups - for example Taiwanese travelers - person-to-person communication would be more effective and should be emphasized.

In addition, one's previous experiences and friends'/relatives' recommendations also play important roles since Taiwanese travellers tend to ask their friends/relatives for advice (Taiwan Tourism Bureau, 1997b). However, negative previous experiences and word-of-mouth communication may prejudice customers' expectations due to inappropriate comparison or biased information. Nevertheless, on-tour interactions and comparisons with others, and the attributes of the destination may have a certain level of influence on one's consumption behaviour and preference which might eventually change one's expectation level. In a sense, expectation that develops on tour is more realistic and practical. Fache (2000) suggested 9 determinants which are functional in evaluating customer expectations. Among them 'promises given when booking', 'word-of-mouth communication', 'personal needs', and 'past experiences' play a dominant role in shaping customer expectation when applied to this study; in contrast, other determinants are more likely to play a recessive role. Among the above, the findings suggest that the 'promises given when booking' and 'personal needs' have the most influence on customer expectation. One female tour participant indicated that she had high expectations because the itinerary showed that she would participate in the well-known carnival in Venice.

Furthermore, determinants of expectation may constantly interplay – some are more salient, others may be less significant. When travellers are relatively less experienced or when their previous experiences are confronted by cultural values, e.g., tolerance,

the influence of the previous experience and the expectation that this had given them seems to be less significant. Based on participant observation, the price customers paid seemed to have more influence on the levels of expectations - when compared against other components such as previous experience and information received. However, the findings from the travel agency managers interviews showed different consequences – previous experience and information received surpassed the price paid in determining customer expectations.

7.3.2 Dimensions of customers' expectations

The findings suggest that travellers' expectations of a vacation can be divided into four categories – the quality of the tour product, the service performance of contact personnel, the features of the destination, and the interaction with tour members (see Figure 7.1). In fact, experienced customers usually develop moderate/deserved expectations towards the main components such as accommodation, food, transportation, and the itinerary since most of these components can be standardised and arranged in advance. Travellers usually know already what they will receive when they pay for a tour product. Therefore, based on a reasonable price, travellers tend to develop a moderate (deserved) expectation (Miller, 1977). Their 'zone of tolerance' seems to be wider – the adequate expectation shifts downward. The results did not fully support Walker and Baker's (2000) views that experienced consumers allow less room for performance error. In contrast, they develop a higher fluctuation of expectations towards service personnel – particularly the tour leader - due to the intangible nature of human services unless they have contacted the tour leader before. The findings indicate that tour participants actually paid much attention to the performance of the tour leader but did not show their expectations of the tour leader at the beginning of the tour. In fact, it is likely that customer expectations of the service from a tour leader or a local guide are developed during the tour rather than pre-tour unless they have had a previous similar experience. Without previous experience or comparison, customer expectations are usually vague or unrealistic. Hence, travellers' expectations of the tour leader (local guides) will fall into the 'zone of uncertainty' (Bluel, 1990) during the early stage of the tour.

In contrast to the expectations of the product and the contact personnel, tour participants had relatively higher expectations of the destination they were to visit. This might be because of the conventional image of the destination. Tour participants anticipated experiencing a different culture and novelty. They hoped that the spectacular landscape and historical heritage would enlighten their views of the world. In addition, a special event, which was well known and only held once a year, stimulated expectation for a few tourists, and reinforced travel desire and destination selection. In short, the image of the destination had a direct impact on travellers' expectations. It plays an equally or even more important role than the attributes of the tour product and the service quality of contact personnel in terms of customer expectation.

Figure 7.1 Four Dimensions of Customers' Pre-tour Expectations

Dimensions	Expectation	Key Factors
Tour Products	Moderate/deserved Expectation	Competitive price
Contact Personnel	Fluctuating Expectation	Unknown Tour Leader
Features of Destination	Higher Expectation	Conventional Image
Tour Participants	Higher Expectation	Chinese Culture

One advantage of joining a guided package tour is that it offers companionship as one travels with a group (see Enoch, 1996; Mancini, 1996). Although only a few tour participants indicated that the expectation of having friendly tour participants was important, in fact, many tour participants demonstrated a high expectation of tour participants, in particular those who travelled alone or with friends or colleagues. They expected to be companionable with other tour members and were able to develop good interactions with them and become friends. This phenomenon is partially owing to the nature of the collectivist society and Chinese cultural values which are formed from interpersonal relationships and social orientation (Yau, 1994).

There is a contradiction regarding Taiwanese tour participants' expectations. The participant observation and telephone interviews suggested that Taiwanese tour participants did not demonstrate a high level of expectation of the tour and many of

them were actually unable to indicate their expectations although this certainly did not mean that they did not have expectations. This phenomenon might be related to Chinese culture – to have self-control or to deny oneself so as to live in harmony with the universe (Yau, 1994) - and Chinese fundamental philosophy of Confucianism (Zeithaml and Bitner; 2003) and the disciplinary codes which indicate that less desire in pursuing material comforts can prevent one from being tormented and enable one to live a better life. In a sense, psychologically speaking, Chinese people tend to lower their expectations or simply not to think about it. In addition, although the low price of the travel agency provides much satisfaction in tour participants (when compared with others in the current market), tour participants have developed an adequate level of expectation rather than the desired level of expectation. This supports the theme that customers can buy their satisfaction if they know what they actually want and what they will get based on the price they have paid.

In short, Taiwanese tour participants did not demonstrate their expectations in a clear picture which might be because of their previous experience with the destination and the travel agency. However, their expectations became much clearer when on the tour. In addition, customers' expectations can be altered through proper communication. Sasser, Olsen and Wyckoff (1979) state that since both expectations and perceptions are psychological phenomena, they are both susceptible to external influences and can be explicitly manipulated. This is particularly true under certain circumstances. The tour leader's explanation regarding the poor quality of Chinese food which resulted in altering customers' perceptions from a moderate expectation to a low expectation during the remaining days of the tour was an example that further communication is needed when perception differences exist.

7.4 Service performance of travel agencies

Customer dis/satisfaction during the pre-tour stage can have a profound impact on the expectations and perceptions of the tour service. Customer faith/confidence will be formed during this stage of the service encounter. A negative thought will be planted if the service of the company is disappointing and it will cost the travel agency more effort to recover from the negative impression. Hanefors and Mossberg (1998) reveal that tourists express frustration when the reality is different from what the catalogue

shows. Therefore, developing mutual understanding is crucial in the pre-tour stage since it leads to more realistic customer expectations.

Several studies show that the service providers' attributes, particularly the contact personnel, play a decisive role in the success of the tour. The expertise of contact employees in selling, competence in administration, knowledge of the product, a friendly attitude, caring and attentive approach are vital determinants of sales effectiveness and satisfaction (see Nelson, 1974; Busch and Wilson, 1976; Crosby, Evans, and Cowles, 1990). Yüksel and Yüksel (2002) concluded that no matter how brilliant the marketing plan, customer satisfaction still depends upon the critical interface: the point of contact between the customer with the employee. Bowen (2001a) in his study - a long-haul inclusive tour to South East Asia from Britain – found that the element of performance overtook other elements as the most important factor in influencing tourist satisfaction. The contact personnel can be divided into three categories: the administrative staff, salespersons, and the tour leader. Strictly speaking, they are equally important to the success of the tour. Although the tour leader seems to play a more important role (discussed in Section 7.5.1) than the other two due to the frequent interactions with the customers when on the tour, the contributions of the other two front-line personnel are also crucial.

7.4.1 Performance of the front-line contact personnel

Pre-tour service performance is mainly dependent on the administrative staff and salespersons. Much research focuses on the importance of the service quality of contact personnel in affecting customers' purchasing decisions (Meidan, 1979; Czepiel, et al., 1985; Solomon et al., 1985; LeBlanc, 1992; Chon, 1999). Not many studies have discussed the attributes of service performance during the pre-tour stage, after paying the deposit/full amount but before the tour departure; and how important this is in relation to customer satisfaction. Although this study did not show that the pre-tour service performance has a critical influence on repeat business, the findings indicate that the contact during the pre-tour stage does have an impact on the customer's level of satisfaction. The pre-tour stage is a communication stage, which serves as a bridge for mutual understanding between the travel agency and customers. The sale does not end at the time when the customers have paid the full price. In

reality, the service performance has just begun. Travel agencies (travel agents) have much work to do such as signing the contract with customers and holding a pre-tour induction. However, the findings showed that most travel agencies did not make good use of the pre-tour stage contact to properly communicate with their customers since many interviewed travel agencies indicated that customers' misinterpretations of the itinerary caused many problems when on the tour.

Travel agencies in Taiwan are very much service-oriented. Based on company culture and Chinese customs, the managerial level regards the customer as being their first priority. They believe that 'treating customers in a friendly and harmonious way' is a profitable strategy. In fact, most travel agencies put great effort into the service delivery system. For example, they expect all staff to treat their customers courteously; they send their employees to collect travel documents from customers at their own cost; they organize the pre-tour induction on the customer's behalf and send out information packs for those who do not come to the pre-tour induction. Client orientation is essential in improving service (Fache, 2000). However, the pre-tour induction has not been developed to maximum effect since many customers do not participate in it. The reasons tour participants do not join the induction section vary; some state that the time of the induction is inconvenient, others consider that they are experienced travellers and there is no need to attend.

It requires considerable manpower to collect travel documents from participants and to conduct a pre-tour induction. However, it seems that tour participants are not impressed by all these efforts during the pre-tour service. The pre-tour induction also did not receive much appreciation from tour participants. This might be because most travel agencies provide these services in an ordinary form and, therefore, customers do not consider that they are receiving a special service. If this is the case, travel agencies might need to reinforce their service or provide incentives to impress their customers or reconsider their pre-tour service strategies.

One problem which bothers government authorities is the issue of consumer rights. Taiwanese travel agencies seem unwilling to communicate with customers regarding legal aspects: for various reasons, travel agencies are unenthusiastic about signing contracts with their customers. Some travel agencies consider that the contents of a contract are unfair to them and try to avoid doing it. The other reason might be related

to Chinese business culture – they are not used to signing legal contracts with customers and consider that it shows a lack of respect. This is based on Trompenaar's (1997) view of how human beings relate to each other as regards Universalism versus Particularism. Chinese people prefer to follow particularism, which is to adopt a relationship rather than to conform to rules. In a sense, when a Chinese company is dealing with Chinese customers, a request for a legal contract is sometimes deemed to be evidence of bad faith and inappropriate as it carries no sense of commitment (Gilbert and Tsao, 2000). The Chinese culture which regards signing a contract as indicating distrust of the other person might explain why travel agencies avoid signing a legal contract with customers. However, not informing customers of their rights/obligations actually causes more misperceptions.

The findings from the tour participants' telephone interviews and the travel agency's questionnaires indicate that tour participants were not highly satisfied by the pre-tour service; most thought that this service was nothing special. This setback was not a problem of the service concept of travel agencies but due to failures in the service delivery system, such as internal communication problems and the service attitude of the administrator (not salespeople), since tour participants complained that they were passive and lacked enthusiasm.

Many travel agencies emphasized that a good tour leader could make up for the imperfection of the pre-tour service encounter. Their suggestions were supported by the findings which indicated that indeed a tour leader with good performance skills is capable of altering customers' perceptions toward the travel agencies. Certainly, the change is also related to a person's consumption experience.

7.5 Consumption experience

Travellers join a group tour for various purposes. Having a good experience and fulfilling one's needs are the ultimate goal for the majority of travellers. However, there is a range of factors which may or may not have a vital impact on tour participants' dis/satisfaction. Among these factors, there is little doubt that the performance of the tour leader has been recognised as the dominant factor in tourist satisfaction.

7.5.1 The role of tour leaders

The on-tour service encounter is the central theme of a tour product. On-tour service delivery is mainly dependent on the tour leader and the local guides, although Jung (1993) considers that from the customers' perspective the salespeople are the only people fully responsible, since they are the people who recommend the product to the customers. Based on the nature of Taiwan's long-haul guided package tours, the majority of travel agencies consider that the tour leader plays a more important role than the local tour guides in determining the success of the tour. In fact, almost all the travel agencies have very high expectations of, and put pressure on their tour leaders; they hope that they can at least compensate for any mistakes made by the front-line personnel and solve problems before returning home.

Based on Martin's (1987) service quality attributes, Reisinger and Waryszak (1994) considered that the convivial quality might be more important to the customer than the procedural quality, since satisfaction with convivial attributes may compensate for the poor quality of procedural attributes. This corresponds to the attitude of Taiwan's travel agencies who expect their tour leader's performance to compensate for any problems that have occurred or been made during the pre-tour. A-Type T/As have a practical way of dealing with this issue. They enable their tour leaders to solve problems or to prevent more complaints by buying extra food or beverages as compensation. The findings from participant observation indicate that the tour leader provided an extra dish or bottles of wine for tour participants to compensate for the poor quality of Chinese food. Bringing a gift or providing extra food by way of apology is part of Chinese culture.

In fact, the attributes of procedural quality are equally as important as the attributes of conviviality in terms of repeat purchasing, since the reason customers take a vacation is based on the characteristics of a product and the promises of the salesperson. If the mechanisms of selling and delivery are well organized, it can prevent customers from complaining in the first place and avoid customers' extreme dissatisfaction. In the meantime, the tour leader can concentrate on serving customers rather than solving problems.

The tour leader on the studied tour (Coach B) provided an interesting commentary for which he gained much respect from the tour participants. In addition, he also demonstrated a fair service attitude towards tour participants and spent most of his time with tour participants even during the evening, although some tour participants felt that he was too solemn and did not smile much. In contrast, the tour leader in Coach-A who did not demonstrate good interpretation skills but had a good service attitude satisfied many of the tour members in Coach-A. From this we can conclude that the service attitude of a tour leader is considered more important than their interpretive skills and is usually a core element for building close relationships with customers. The findings confirm Wong's (2001) views that an ideal tour leader is difficult to find. The literature suggests that a good tour leader has to possess various attributes for a good tour performance. Hughes (1991) proposed that a good tour guide (tour leader) needs three key skills: the ability to provide an interesting commentary, to interact with the tour group, and to ensure the smooth running of the tour.

The findings indicate that the service attitude of the tour leader (including interactions with tour participants) is sufficient to satisfy tour participants but interpretation skills will enhance the customer's level of satisfaction. In contrast, a tour leader who demonstrates a poor service attitude but has good interpretation skills may not be able to satisfy tour participants. For example, tour participants (in Coach A) were extremely dissatisfied by a tour guide who was not friendly and who tried to persuade tour members to shop. Although the tour participants' perception of the tour guide cannot be totally applied to the tour leader, it indicates that poor service quality has more impact on customer satisfaction than poor interpretation skills.

Although the tour leader's interpretation skills on the studied tour (Coach B) impressed tour participants, in reality, many tour leaders in Taiwan are incapable of providing a detailed knowledge of attractions. In Taiwan's tourism market, in general, freelancers have more experience and are more capable of doing a better job than the salespeople/staff. But most travel agencies consider that a company's employees can provide better service in contrast to the freelancers although they have less experience. But a person who possesses all these skills tends not to stay long in the

travel industry due to the pressures of the job and its limited rewards. Besides, the findings indicate that it is difficult to have tour leaders who possess both good service quality and good guiding skills particularly, interpretative skills. Travel agencies have to decide which will contribute better results for the company. In reality, more travel agencies use employees for practical reasons as they are more loyal to the company and good for customers' future repurchasing. Although the situation is changing gradually due to the shortage of manpower and employees lack of skills in guiding overseas tours, in particular long-haul destination tours, this phenomenon indicates that travel agencies consider a tour leader's service quality to be more important than interpretative skills. However, some travel agencies consider that the lack of interpretative skills of the tour leader can be compensated by the local guides (some travel agencies will provide local guides who can provide comprehensive information about the local attractions).

Several factors affect the tour leaders' service performance. Apart from the attitude of tour participants, destination attributes, itinerary and the money, the tip in particular plays an important role in the success or failure of their service delivery. Both the reviewed literature (Dewald, 2001; Wong, 2001) and the findings revealed that the issue of tipping does not only influence the perception of the tour leaders' job performance but also damages a company's reputation. There is less empirical evidence showing that tour leaders in Western countries have problems with tipping, however, the issue of tipping unquestionably affects many Asian tour guides/tour leaders' job performance. Dewald (2001) indicated that tipping is not customary in many Asian countries and, therefore, when a situation requiring a tip occurs, it usually generates some confrontation between the tour leaders and their customers. Apart from it not being the custom, another reason tour participants do not tip properly involves the amount of service they have received. Unlike a restaurant or hotel service which is normally one to one, or one to few services, in a package tour, tour participants might not feel obliged to tip the full amount of gratuity to the tour leader due to the unequal amount of received service; some do not consider that they have received enough attention because they have had to share the service with others.

In contrast, Dewald (2001) indicates that on certain occasions, there is no significant relationship between tipping and service quality. This can be true but not when the

service providers are tip sensitive or live on their tips. Tour leaders may show their intentions about the tips before the tour is over which will irritate customers. The reviewed literature indicates that Asian people are obedient and submissive to a group leader, authority, and elders (Reisinger and Waryszak, 2002). Chinese people save their own and others' faces to maintain social harmony (Komin, 1990). This attitude was supported by the study, which showed that Taiwanese travellers tend to follow the tour leader's instructions and cooperate with the amount of tip required by the tour leader. However, some customers complained to the travel agency when they returned home. The evidence in this study showed that Taiwanese tour leaders are tip-sensitive and that their attitude toward the tip hindered their performance. Tipping is not a voluntary payment for the Taiwanese which is also the case in Hong Kong and a few Asian countries. A large number of Taiwanese tourists felt that they were pressured to leave a gratuity if they were either unwilling to tip or tipped less than was expected. This also happened to the Mainland Chinese who indicated that they were forced to tip when travelling in Hong Kong (Dewald, 2001). The tour leader may feel upset when she/he realises that the tour participants will not tip the recommended amount. To prevent the consequence of receiving poor quality service, Dewald (2001) proposes a solution: although tipping is not customary in China, when the customer expects or requires better service, they should tip the right amount before not after the service. This concept corresponds to the behaviour of those Taiwanese travellers who actually tip their tour leaders in advance such as at the airport. In addition, the study found that some tour members suggested adding the gratuity to the total bill to avoid confrontation and embarrassment. Dewald's (2001) study showed that it was common practice to add a gratuity to the total bill for Mainland Chinese tour groups. One travel agency stated that this practice is often used for companies' incentive tours, but may not be applied to guided package tours since adding the gratuity to the total bill will increase the selling price - which will result in losing business. In addition, this practice goes against the spirit of tipping which is to express the appreciation of service.

There is a gap between travel agencies' service delivery and service intentions. Some General T/As who focus on a low price strategy actually do not have high expectations of their tour leaders. They do not expect the tour leaders to perform perfectly. They know that tipping is not a voluntary payment but they tolerate the tour

leaders doing what they want as long as they do not bring any complaints home. In addition, many travel agencies continue to use unlicensed employees to lead outbound tours, which also reveals their mixed views of the importance of service quality. If these two problems – tipping and using unlicensed tour leaders - cannot be solved, the on-tour service quality for Taiwanese travel agencies cannot be improved.

7.5.2 The tour leader's role from the travel agencies' perspectives

The relationship between the tour leader and tour participants can be divided into three dimensions: from the travel agencies' perspective, the tour leader's own perspective, and the tour participants' perspective. The travel agency's aims are to satisfy customers and to generate repeat business through the tour leader's performance. The tour leader's aim is to perform his job and receive the maximum reward from the travel agency and the customers. The customers' aims are to have an enjoyable holiday.

Ambitious travel agencies expect their tour leaders to maintain a harmonious relationship with their tour members and make repeat sales. However, the findings revealed that not all the travel agencies are so optimistic; in particular the General T/As tend to have a negative perception of their customers and do not expect their tour leaders to please all the tour members. Instead, they are pleased if no complaints are brought back to the company. On the other hand, A-Type T/As are more confident and ambitious. In general, their tours are more profitable than the General T/As. They expect their tour leaders to provide a comprehensive service and maintain good relationships with their clients. In order to accomplish this objective, they tend to use staff or salespersons to lead the tour, who are much more loyal to the company although these tour leaders are less experienced. Therefore, A-Type T/As have more control of their tour leaders and are more willing to enable their tour leaders to offer a complimentary service at the company's own expense. Based on their different approaches and their views of the importance of customers, A-Type T/As on the whole have better prospects of developing maximum benefits for themselves, the tour leaders and their customers (see Figure 7.2). Their position enables the tour leader to develop a better relationship with the customers. Certainly, their tour leaders have wider responsibilities when on tour.

Figure 7.2 The different approaches to developing customer relationships between General travel agencies and A-Type travel agencies

General T/As perspectives

A-Type T/As expectations

Head Tax   Daily Fees

Daily Fees

Benefits

Maximum Benefits

Tour Leaders (Freelancers)   Customers (from agents)   Tour Leader (Staff)   Direct Customers
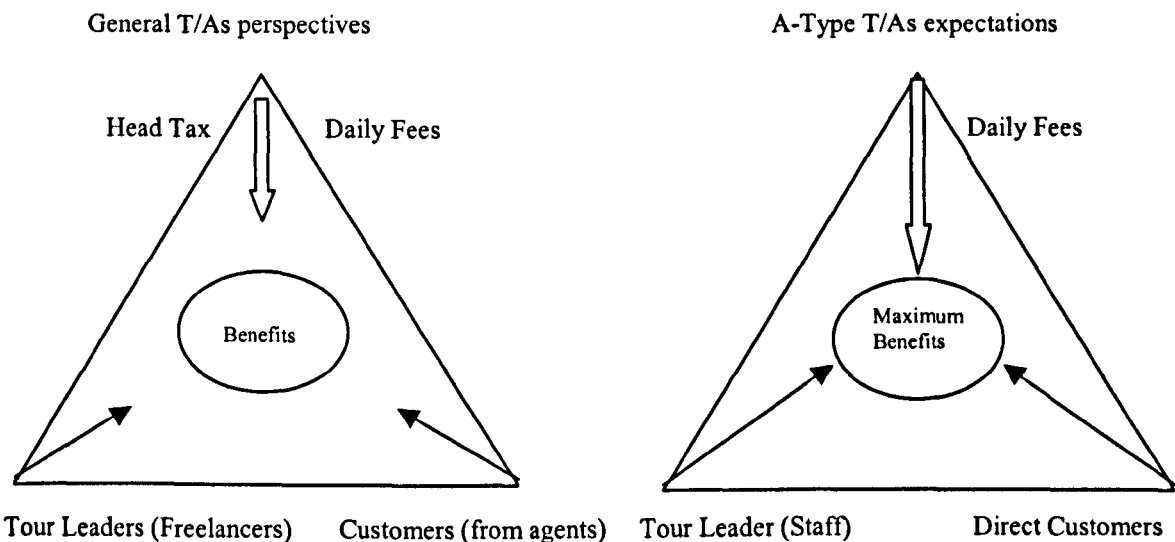
From the tour leaders' point of view, their priorities are to carry out the company's mission and be well rewarded. The findings revealed that conflicts existed between the missions and the rewards. There are barriers between the tour leaders and their tour participants which are partially imposed by the travel agencies. Although there is no concrete evidence to indicate that variables such as daily fees, shopping/optional tour commissions, and 'Head Tax' have a direct impact on tour participants' satisfaction, it is reasonable to conclude that these factors might have a negative impact on the relationship between the tour leader and the tour participants since these factors put much more pressure on the tour leader in terms of welfare. In fact, Taiwanese travel agencies have received many complaints regarding forced shopping and extra expenses on optional tours. It seems that the tour leader cannot be blamed entirely; the travel agency has a responsibility too. In addition, the incident of tipping has embarrassed tour leaders and tour participants. Tipping is not a custom of Taiwanese people (Dewald, 2001). And, a few tour leaders misinterpret the meaning of tipping and abuse it.

Tour participants are consumers; they want to have the best, which includes the tour leader. Many interviewed managers in the travel agencies considered that customers are difficult to deal with and that some are very demanding, irrational, and subjective, particularly if they did not read the handout information. In fact, travellers are less

secure when travelling in an unfamiliar area and need more attention. They expect the tour leader to know their needs and assist them automatically. They tend to assume the tour leader is an expert in his/her profession and skilful in all aspects. However, a tour leader is a person who escorts tour participants throughout their daily needs. This person is not the tour guide or a 'through guide' who has knowledge of the local area. Besides, the travel agency will arrange for tour guides to give information about certain key areas such as the historical cities. Based on this notion, tour participants initially expect the tour leader to be friendly, approachable and helpful rather than knowledgeable in other aspects. But gradually, they increase their expectations and expect their tour leaders to be capable of doing the interpretation in general. They then feel more respect for the tour leader if their expectation is met.

Luk (1997) considered that the contact personnel's individual service delivery skills create a competitive advantage; a high quality of service could only be achieved when a travel agency cultivates a customer-oriented marketing approach and stresses interpersonal relationships. Tour leaders who can perform effectively have a greater chance of promoting further sales since they have more interaction with customers. Therefore, the company staff who accompany the tour can be considered a good delivery mechanism for repeat business. Luk's view matches most Taiwanese travel agencies' preference of using employees as tour leaders. The findings revealed that the relationship between the tour leader and customers can be functional and business-oriented. To reinforce the functional relationship, the tour leader needs to pay more attention to service attitude and focus on personal attention. In addition, customers are much more knowledgeable than before and they are more willing to acquire new knowledge. Ultimately, the interpretation skills of the tour leader will be significant for tour participants, although this is not the tour leader's main function. Although the price customers pay for the tour will influence the total quality of the tour product, it should not affect the service quality of a tour leader; if it does, the travel agencies need to reconsider their marketing strategies.

7.5.3 Satisfaction dependency

The evidence of the participant observation, tour participants' telephone interviews, and the reviewed literature (Swan and Combs, 1976; Czepiel, et al., 1985; Gabbott and Hogg, 1998; Nicholls et al., 1999; Lovelock, 2001), indicate that on-tour

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customer dis/satisfaction is dependent on five dimensions: functional elements or core elements, destination attributes, personal travel behaviour, performance/service delivery elements, and supplementary elements (see Figure 7.3). Customers' personal behaviour plays a decisive role in determining the feeling of satisfaction derived from other dimensions. Of the other four dimensions, the performance/service delivery elements have a more decisive impact than the other three and play an active role in customer satisfaction, although the core elements are much more controllable by the travel agencies and are vitally important.

Figure 7.3 The Decisive Variables of on-tour Dis/satisfaction
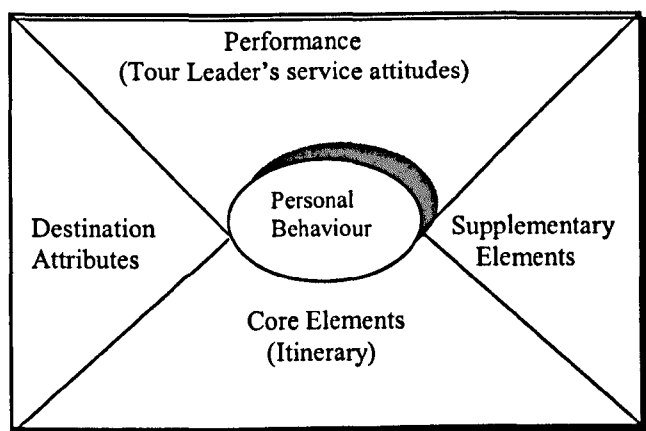
Source: Adapted from Swan and Combs, 1976; Czepiel, et al., 1985; Gabbott and Hogg, 1998;
        Nicholls et al., 1999; Lovelock, 2001

7.5.3.1 Product attributes (Core elements)

The components of a tour product are referred to as the core elements. These are the central part of the tour product and they provide the physical consumption experience. Tour participants will be extremely dissatisfied if the components of the product do not meet their expectations but will only have a neutral feeling if their expectations are met. Among all the components, Taiwanese tour participants recognized the arrangements of the itinerary as an imperative of the product. The arrangements of the itinerary enabled the tour participants to see all the well-known attractions and the renowned special event – the Carnival in Venice. In fact, prior to the tour a few tour participants considered that as long as the food and accommodation were acceptable, they would be satisfied. In fact, the quality of food did not reach their expectations but they were still satisfied. Although the quality of the food received more complaints

than other aspects, it did not mean that the element of food had a profound influence on customer dissatisfaction or was a key factor in causing the failure of the product - since the failure of the food arrangements could be justified. Even though the quality of some functional elements are important, they do not represent tour participants' major needs; tour participants do not take a vacation for those elements such as food and accommodation. They are more concerned about the itinerary and what they had experienced and besides, tour participants were happy with what they had paid for the trip.

7.5.3.2 Destination attributes

In this study, the attributes of the destination played an important part in customer satisfaction. This was even more important than the functional elements of the tour in this particular feature of the study. The destination has an international reputation and attraction; it is well known for its historical heritage and rich cultural background. Taiwanese travellers joined the tour not just as an escape or to get away from the daily routine, but also for its natural scenery and rich cultural background. They therefore expected to have new experiences of Italian culture rather than to just have pure relaxation. The features of the destination satisfied customers' needs for novelty, culture, exploration, and relaxation. The worldwide reputation of the destination fulfilled their dream. The characteristics of the Carnival in Venice enhanced their impression of the destination. Although the destination had its weaknesses, these were not perceived too negatively. Therefore, tour participants were extremely satisfied if the destination met their needs but were only likely to feel dissatisfied if the attributes did not impress them. These physical attractions have a direct impact on customer satisfaction but only serve as marginal determinants for return business. In contrast, psychological achievement is more important for customer satisfaction which can only be achieved by personal internal achievement and human interactions.

7.5.3.3 Consumption behaviour

Consumption behaviour is the major determinant of dis/satisfaction (also see below). Dis/satisfaction judgments are also influenced by consumers' emotional responses, their perceptions of equity, and their attribution. Personal consumption behaviour is

influenced by national culture, and personal values/beliefs, and involves travel motives, needs and wants for travel, previous experience, and demographic background and personality. For example, customers may lack confidence if they are unfamiliar with the travel agency; customers may take the services offered by the travel agencies for granted if they are unfamiliar with the situations; customers consider that they deserve to be treated in a similar way based on their previous experience. Hence, implicit expectations are formed. As a result, if a customer does not receive the same treatment as previously, or as his friends lead him to expect, she/he will react negatively. As Ojasalo (1999) indicates, customers are disappointed if their implicit expectations are unfulfilled (e.g., the travel agency do not send their employees to collect travel documents from customers at their own cost), or if their explicit expectations are unrealistic, due to unclear and deliberately vague promises.

Dependent and reserved

Olander (1977) and Pearce (1988) pointed out that the assessment of satisfaction is connected with the nature of people's values or beliefs. Indeed, the ethnic group of Taiwanese people demonstrated their particular set of values and beliefs when on the tour. Chinese culture has tremendously influenced the perception of service delivery in Taiwan. In fact, the findings revealed that Taiwanese travellers are passive and reserved. They are initially afraid to demand or question their rights or to confront authority (travel agencies/tour leaders) in public places. For example, during the pre-tour induction, very few tour participants asked questions or demanded anything from the travel agency or the tour leader. However, the findings revealed that a few tour participants indicated that they needed more detailed information regarding the destination activities or an explanation of local culture which they could read beforehand. In addition, many indicated that they did not know how much to tip. This fact showed that they did have needs/questions but would not speak out. The demand for providing more local information contradicts the viewpoint of the travel agencies who consider that providing this type of information is not crucial since most customers will not read it in the first place and it is the tour leader/local guides' job to release the information. This phenomenon was supported by the travel agencies who claimed that perception differences were crucial problems between them and customers. This phenomenon also indicates that Taiwanese travellers are highly

dependent on the travel agencies' services. This outcome was supported by Luk (1997), who suggested that employee-customer communication is vital to the whole service delivery. Based on this fact, further communication is needed between the travel agency/tour leader and the customers during service encounters and the contact personnel needs to take the initiative.

Personal attention

Taiwanese travellers are also in favour of good service quality rather than interpretative skills. However, interpretative skills are important in some situations (see Wong, 2001); it actually depends on the destination attributes, the background of the tour participants, and certain other circumstances. For example, if a tour involves cultural tourism, the tour leader's interpretative skills will be more useful; on the bus, there is also a high demand for interpretation from the tour leader. Nevertheless, during walking tours, taking photographs seems to be more attractive than listening to cultural interpretation. In addition, although tour participants indicated that they were impressed by the tour leader's interpretation skills they did not indicate that this made them more satisfied in general. Instead, more customers indicated that their satisfaction was more reliant on good interaction with other tour members. In short, the service attitude, such as being a thoughtful and a smiling tour leader, is very important for tour participants. It can be concluded that if a tour leader is not friendly and approachable, tour members will be extremely dissatisfied and will complain to the travel agency. In contrast, if the tour leader does not provide a good interpretation, they will be disappointed but will not be extremely dissatisfied.

The findings also revealed that a person might still be satisfied overall even though s/he had a few complaints[1]. The findings indicated that personal attention and recognition from the tour leader or other travel partners contribute greatly to satisfaction, especially for certain demographic groups. This corresponds with Reisinger and Turner's (2002) indication that service in Asia is personalized and customer-oriented. In addition, when overseas, Asian travellers are passive and very much dependent on the tour leader's instructions. Good leadership by a tour leader can contribute greatly to the satisfaction of travellers but there was not enough

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[1] See Chapter 6, Section 6.5.5

evidence to support the idea that experienced travellers would have higher satisfaction. As with previous similar guided package tour experiences, customers tended to develop moderate demands and were more likely to tolerate unsatisfactory events. These findings are supported by the perception that Taiwanese travellers are more concerned about personal service than the quality of the product.

7.5.3.3.1 Emotional responses

When undertaking consumer satisfaction research, many researchers believe that consumers' emotional responses are linked to dis/satisfaction judgments. However, other discussions pay more attention to the emotional typologies themselves rather than to the connection between emotion and identifying the antecedents of consumers' dis/satisfaction judgments. So, it seems difficult to reach concrete agreement (see Hunt, 1977; Shaver et al., 1987, Oliver, 1977) that there is a strong cause-and-effect relationship between them. The findings reveal that a causal relationship between emotion and satisfaction seems not to be so salient as attribution theory, and perceived equity, in relation to satisfaction. This may be because of the similarities between emotion and satisfaction – they both contain emotional reactions and behavioural responses and are ultimately involved with cognitive interpretations.

Tour participants in this study showed a variety of emotional responses during and after the tour; these responses occurred during each service encounter and social encounters. Based on the participant observation, tour participants' emotional responses were found to include interest (cultural explanations by the tour leader/tour guides), joy (carnival in Venice), surprise (side trip to a local village, enjoying the view of snow), unease (long wait for lunch), disappointment (poor service quality of local tour guides), and resentment (encounter with the thief). Their emotional experiences can also become independent dimensions, by being assessed predominantly as a positive affect, a negative affect (Westbrooks, 1987) or other discriminable patterns such as pleasantness, hedonic, rather than merely a dissatisfaction or satisfaction decision. It seemed that customer emotional responses to events/service were not limited to dis/satisfaction judgments, although those responses to events might lead to final evaluations – not by consumers themselves but by market researchers.

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Based on the evidence of participant observation, it was found that tour participants' emotional responses could easily be triggered or manipulated. In fact, tour participants' emotional responses could be aroused during the tour by the tour leader by arranging special events such as a dance party during an evening meal or an evening side trip to a scenic view. However, their emotional responses during the package tour were not limited to local service providers, tour leaders, or the travel agency. Social interactions, shopping experiences, special events (carnival in Venice) or natural phenomena (snowing) caused positive reactions (pleasant, hedonic) in tour participants which eventually contributed to the satisfaction judgment. But a single positive emotional response may not have a profound impact on the satisfaction judgment. The final satisfaction judgment may require an accumulation of several positive emotional responses. In addition, their emotional responses may interact with the focus of the attribution since the experience of emotion is not only dependent upon autonomic arousal but also involves cognitive interpretation during the post-purchase period (Schachter, 1964). When viewing the relationship between consumption emotion and attribution in the participant observation, there is a tendency for the outcomes of the negative reactions of tour participants to interact more with the external locus of the attribution. In contrast, the outcomes of positive reactions seem to relate more to the internal locus.

Since emotion is also involved with a behavioural response derived from physiological arousal (Westbrook, 1980), personal traits or enduring attitudes should be taken into account when assessing emotion responses. This particular observation found that a person with positive attitudes or having a wider 'zone of tolerance' tended to show more appreciation of the tour experience, regardless of his/her travel motives. In addition, a person with a family group tended to have a higher fluctuation of emotional responses.

In conclusion, tour participants' reactions to the tour displayed a variety of emotional responses as described either by the distinctive emotional typologies or by the emotional categories/dimensions. Emotional responses do not only play a leading role which links to satisfaction, they can also be seen as dis/satisfaction prototypes. As Oliver (1997) indicates, emotional dimensions, such as contentment, pleasure,

hedonic may be characterized as alternative meanings of satisfaction, and the difference between satisfaction and consumption emotion is a matter of the degree of arousal. In other words, customers may not have a strong sense of dis/satisfaction judgments during post-consumption evaluation, but their emotional feelings of enjoyment/pleasantness or disappointment/unpleasantness with regard to the tour experience definitely exist. Thus, the analyses of product consumption experience should not be limited to dis/satisfaction judgments; emotional reactions to the overall tour experience should be taken into account.

7.5.3.3.2 Perceived equity

Comparison of benefits with other tour participants increases tour tension and dissatisfaction. Tour participants perceive equity as an important element in the personal feeling of justice. They express implicitly their sense of fairness in order to maintain group harmony. Their perceptions of equity are not only reflected in the comparison of personal inputs and outcomes but also in the evaluation of the tour leader's performance. Taiwanese travellers tend to compare the price they pay for the tour with the price other tour members pay which puts them and the travel agency in a dilemma situation. However, they tend to tolerate the results of inequality, particularly if it involves elderly people, due to Chinese culture. So on occasion, the results indicate that tour participants' perceptions of equity might not totally reflect the reality.

Round table theory

Round in Chinese refers to group harmony; a result of satisfaction, a happy ending. The concept of equity amongst Taiwanese travellers can be illustrated by the Chinese practice of dining around a table which is shown in Figure 7.4, Figure 7.5, and Figure 7.6. The Chinese are used to eating at a round table which enables each diner to have an equal chance to reach the food on the table if there is only one dish (which is placed in the centre of the table). However, if there are several dishes served at the same time on the table then each diner might not have an equal chance to reach a dish they particularly like but might have access easily to the dish placed in front of them which they might not appreciate (see Figure 7.4). Applying this analogy to a guided

package tour, this implies that in reality each tour member will not get equal services/outcomes during the service encounter due to the various situations involved such as, the price they pay, the hotel rooms where they stay, or the unequal degree of service received from contact personnel. Tour participants know that and do not blame other tour members for this consequence because of Chinese culture; just as one diner will try to maintain a harmonious atmosphere and will not blame others who eat more since it involves Kuan-Hsi (personal relationship), Mien-tsu (personal face), and Jen-chin (personal obligation) (see Gilbert and Tsao, 2000). Gilbert and Tsao (2000:47) stated that 'since Jen-chin involves social exchange obligations, there is a need for people to keep equity in mind'.

Figure 7.4 Round table equity
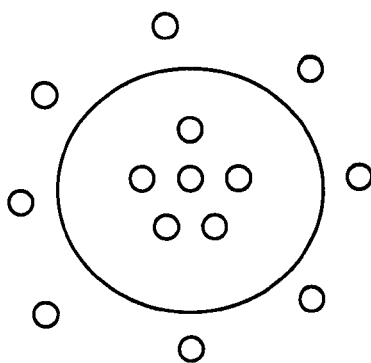
However, in order to maintain the sense of equity, the third party needs to justify the situation or compensate people who feel unequally treated. As Figure 7.5 indicates, in order to let each diner have an equal chance to reach a dish, another small round table with a wheel is placed by the waiter/waitress in the centre of the dinner table which can be turned around to suit each diner's needs. The concept of the Chinese dining table implies that the servers should treat each customer equally; if there is no comparison or any incident which causes a sense of inequality, then there is harmony. However, this is unlikely to happen since it involves human nature. It is expected that everyone, including the customer and the service provider, knows the unwritten code of equity and will comply with it to maintain harmony. Taiwanese travellers know that they are entitled to have their share of input. However total equity is difficult to achieve and so, they tend not to treat inequality seriously unless it reaches serious proportions. If this happens, a third party will usually be asked to settle the dispute rather than going for a lawsuit. In the case of a guided package tour, the tour leader

(TL) will act as the function of "Lazy Susan" (the small round table) (see Figure 7.6). Through the channel of communication, the tour leader needs to explain the context and help the travellers to understand the situation and mollify those who initially did not understand the situation. In fact, the tour leader should play the role of a mediator to facilitate equity for the group travellers.

Figure 7.5 and 7.6 Round table equity
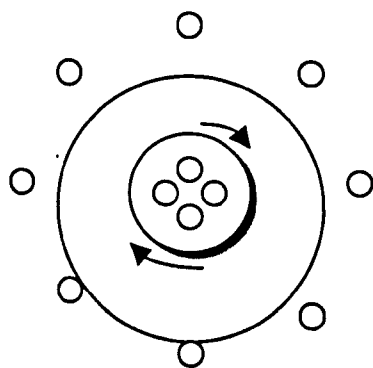
Figure 7.5   Figure 7.6
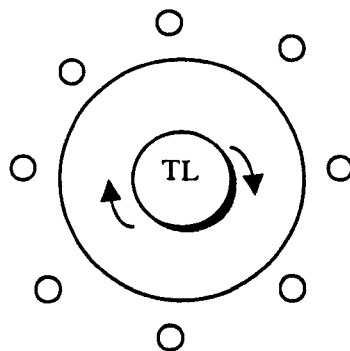
7.5.3.3.3 Attribution

Clearly, package tours involve a large number of uncontrollable/unpredictable events during the journey. As a result, tour leaders receive much pressure from customers and are inevitably attributed as the cause of any service breakdown, whoever caused the incidents in reality. Indeed, attribution theory (Heider, 1958) has pointed out that an individual will formulate a plausible assumption of who should be held responsible for a negative incident (focus) even though this person does not have the knowledge to make a causal judgment. As a result, external locus – the travel agency/the tour leader (Folkes, 1988) is usually blamed for any failure. This phenomenon has been shown to be common in Taiwan's tourism industry, since customers in general are less flexible or independent when participating in a package tour and most of them are very much dependent upon the travel agencies/tour leaders' service. However, the interviewed travel agencies considered it was unfair to blame them for all failures, and they considered that customers themselves should take some responsibility as well (one interviewed travel agency who was unwilling to sign a travel contact with customers may have based their decision on this logic).

Certainly, the case (when all failures are attributed to service providers) should not be generalized. The participant observation indicated that tour participants would form a logical causal assessment if they have knowledge/references as to what were the perceived causes of the outcomes. If perceived reasons for product/service failures were attributed to the situation or environment, for example encountering a thief on a bus, customers might blame themselves for being careless rather than blame the firm (controllability). A tour participant, Mrs GrW, stated that she and her husband could not take a shower for two days because of the broken bathtub. They did not blame the hotel or the tour leader; rather they suffered and tolerated it. This example is unusual and illustrates that personal attitudes or cultural background can affect the attribution process. Furthermore, this outcome also revealed that causal inferences do not have to be limited to two factors - either internal or external locus - they can be neutral – just bad luck or destiny. The findings also indicated that a person who tends not to blame others is more likely to have higher satisfaction.

In fact, the effects of locus and controllability are constantly interplayed in each service encounter but these interactions do not necessarily result in the positive reactions of absolving oneself of blame – self-attributions for the causes are under volitional control, there could be self-attributions for the outcome caused by a firm (for example, a person may blame him/herself for making a bad choice - choosing a low price and a low quality tour). However, some interviewed managements believed that locus is much more salient than controllability when applied to negative events – service providers are the first to be blamed without taking account of whether they are able to control events, in particular when a customer's losses exceed what s/he could afford. In contrast, a customer might take positive events for granted.

When applied to the nature of a package tour, the inherent uncertainty (stability) seems to have a long-standing tie with tour participants' expectations, for example the quality of each hotel room. The consistency of the quality of hotels used during the entire tour journey may result in customers' dis/satisfaction. In fact, the causal inferences – locus, controllability, and stability - are found to be prevalent throughout the tour journey. Tour participants are constantly evaluating the outcomes of performance, in particular the performance of the tour leader. However, the findings suggest that the causal outcomes are not only based on the three cognitive

components, they also involve affection. There is an intervening dimension, which affects locus, controllability, and stability judgments. Tour participants' personal affection with an external locus might reduce their causal judgments to a certain degree.

In reality, when on the tour not all tour participants are able to receive accurate information regarding the cause of negative incidents. Without enough information, customers, in general, are unable to form logical explanations and so level their anger towards service providers. Pertaining to information and other elements as antecedents of causal inference, these play a fundamental role in dis/satisfaction judgments. In order to reduce customers' dissatisfaction, as most interviewed travel agencies' believe, the tour leaders are the right people to deliver persuasive explanations for customers' causal inferences. In a sense, attribution could be manipulated optimistically during the tour.

7.5.3.4 Performance/service delivery elements

The quality of service delivered by service providers has the most direct impact on customers' dis/satisfaction judgments. Performance/service delivery elements mainly involve the tour leader's performance technique which was identified as the major cause of customer dis/satisfaction in a guided package tour in general. Usually, tour members are managed by the tour leader and local guides and are happy as long as the tour leader/local guides are capable of performing the job. The findings from participant observation indicated that a skilful tour leader can make tour participants extremely satisfied. And on the contrary, s/he might cause tour participants to be extremely dissatisfied or even cause a lawsuit due to negligence[2].

7.5.3.4.1 Dimension of service quality

Customers judge quality based on multiple attributes related to the context (Zeithaml and Bitner, 2003) and their dis/satisfaction judgments with the package tour will be influenced by perceptions of service quality. The findings revealed that cultural background and personal confidence in travel agencies affected the relative

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[2] Also see the Section 7.5.1 The role of tour leaders

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importance placed on service attributes. In addition, travellers who are from the same ethnic group but with different demographic backgrounds may show different perspectives of the service attributes. In general, 'professionalism and skill', 'attitudes and behaviour' (Grönroos, 2000, Wong, 2001) were considered important by both travel agencies and tour participants (see Section 7.5.2). 'Reputation and credibility' were not considered so crucial by some travel agencies, in particular the General T/As who rely very much on their travel agents (they are also price sensitive). In contrast, tour participants considered that 'reputation and credibility' was significant but it might become less important when compared with the price they had paid.

In addition, the findings also confirm Mossberg's (1995) suggestion who proposes eight service attributes of tour leaders in charter tours: reliability, ability to handle complaints, willingness to take part at any time, being easy to reach, ability to handle difficult situations, being knowledgeable about sights, and being pleasant and helpful. Furthermore, in examining five specific dimensions of service quality – reliability, responsiveness, assurance, empathy, and tangibility - developed by Parasuraman et al. (1988), this research confirms that except for 'tangibility', which did not show much significance in terms of service quality, the other four dimensions are considered crucial to service quality by tour participants. However, the findings conclude that the number of dimensions in the SERVQUAL scale is too restricted; other dimensions such as 'care and concern' (in empathy), and 'communication', should be particularly considered.

Not quite correspondingly, Luk et al. (1993) examined the five specific dimensions in the tourists from Asia-Pacific to Hong Kong and found that reliability is the most important factor for quality expectations, followed by assurance, tangibility, responsiveness, and empathy. The findings of this study correspond more to Wong's (2001) findings, which reveal that professional skills, customer relationship/empathy, and communication are three key tour-guiding service dimensions in Hong Kong. However, the findings partially support Lam and Zhang (1998)'s evaluation of the relative importance of the five service factors in predicting overall quality. They suggest that the dimension of reliability is the most importance service quality of travel agents, followed by responsiveness and assurance, resources and corporate image, tangibility, and empathy.

In reality, this study considers that the dimension of tangibility should be considered as an important service quality for travellers, and in fact most travel agencies considered it to be important – to inspire customer trust and confidence. However, the dimension of tangibility did not influence tour participants and was less significant when compared with other dimensions. The outcomes might be due to the fact that the facilities – hotel, bus – provided by the travel agency were acceptable – and within the zone of tolerance. In terms of the office facilities of a travel agency, they did not impress customers. One of the reasons is that nowadays travellers do not necessarily have to visit travel agencies in order to join a package tour; as mentioned before, the majority of travel agencies send their employees to collect/deliver travel documents or other items from/to customers. In addition, the physical impressions may cause disappointment but are less likely to result in a very dissatisfied customer. As a result, the impact of tangibility is less salient.

The literature indicates that customers complained because service providers were unable to perform the promised service truthfully. The travel agency managers interviews considered that customers' complaints were due to customers' inaccurate perceptions of the quality of the product and the service of the tour leader. Although tour participants did not emphasize specifically the importance of reliability, it was quite clear that reliability was the most critical dimension of service quality for travellers' satisfaction since the service quality on a package tour is the primary criterion for judging on whether a travel agency has fulfilled its promises. In terms of the dimension of responsiveness, most tour participants definitely expected to receive assistance from the tour leader when on the tour. The majority of the interviewed travel agency managers also believed that 'responsiveness' was an important dimension. However, due to the inflexible nature of package tours, it was difficult for either travel agencies or tour leaders to customize the service to meet customers' needs. Indeed, based on the participant observation, the tour leader did not perform well enough regarding this dimension (i.e., he let tour participants wait a long time for lunch, he did not swap seats on the plane for tour participants).

Both assurance (courtesy and ability to inspire trust) and empathy (caring and personal attention) were also considered as important service qualities by travel

agencies and travellers. These attributes are supported by Reisinger and Waryszak (1994), who investigated Japanese tourists in Australia and found that being friendly, caring, and attentive, etc. are vital determinants of the service quality. The majority of travel agencies emphasized the importance of employees' courtesy, in particular when answering incoming phone calls. Indeed, customers' first impressions of the quality of the tour product might be based upon the service attitudes of employees which in turn may affect their dis/satisfaction judgments. However, some travel agencies had a problem in inspiring travellers' trust and confidence because of the inconsistency of the service attitudes of the front-line contact personnel. Since Taiwanese travellers are relatively less experienced/independent, they need more care and individualized attention from the tour leader during the tour. A few tour participants complained that the tour leader was too solemn, unsmiling, and uncaring towards the elderly which revealed that the dimension of empathy during the tour was crucial. It was also clear that staff rather than freelancers were able to do better in the aspect of empathy when leading an overseas tour.

Finally, the findings suggested that the dimension of 'communication' need to be ensured. The evidence in the study showed that communication during both the pre-tour and the on-tour stages was essential since information derived from the brochure did not give travellers a clear picture regarding the content of the tour. In addition, the special event – the pre-tour induction – did not attract many participating travellers. When the majority of tour participants are relatively inexperienced, they may require more explanation. Certainly, constant communication between the tour leader and travellers could improve the relationship between them and might prevent unexpected incidents from occurring[3].

7.5.3.5 Supplementary elements

The findings of the participant observation revealed that to achieve total customer satisfaction, supplementary elements need to be present. Supplementary elements refer to additional events or supporting elements of other dimensions. The findings indicated that special events could bring unexpected or extra enjoyment which enhanced the level of satisfaction. Social contact increases tour participants'

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[3] Also see the subheading <u>dependent and reserved</u> under Section 7.5.3.3

friendships and mutual understanding which suits Taiwanese travellers who are naturally sociable. The need for showing compassion to or receiving compassion from others arouses happiness. Constructive interaction among travel partners and other tour participants was identified as a key determinant of extreme satisfaction. The need for social interaction corresponds with Krippendorf's (1987) travel motivator of 'communication' or Mill and Alastair's (1992) 'social contacts' motivator.

Shopping activities are considered to be one of the supplementary elements. Although shopping is seldom mentioned as a primary travel motive for travellers, in fact it is a preferred activity for travellers in many destinations (Timothy and Butler, 1995). Law and Au (2001) noted that shopping is a favourite activity for most Taiwanese visitors. Reisinger and Waryszak (2002) indicated that Mandarin-speaking societies have the tradition of gift-giving and reciprocating. It is reasonable to believe that some tour participants joined this particular tour for its shopping opportunities since Italy is also well known for its brand names. The findings indicated that shopping provided much enjoyment for many female tour participants since it is also a symbol of 'Mien-tsu', a function of social status. This activity often becomes the central topic of conversation. It provides social interaction for those tour members who are interested in shopping.

7.5.4 Overall dis/satisfaction

A tour product is not just a physical product; it also provides the above-mentioned features in terms of satisfying customers. It also involves human interaction which creates a more complicated experience. Customer overall satisfaction does not entirely depend on the service providers; the tour operation involves many uncontrollable variables which are difficult for a travel agency to control entirely. Human mistakes and unforeseeable incidents can easily endanger customer satisfaction. In addition, their levels of satisfaction are also related to other tour members. The findings were supported by Pizam and Ellis (1999) that satisfaction is not a universal phenomenon, and not everyone has the same satisfaction from the same hospitality experience.

Whether the overall satisfaction or dissatisfaction with the hospitality experience is based on just one particular service encounter or on each individual attribute of the product is arguable. Non-weighted compensatory models (Pizam and Ellis, 1999)

presumed that customers make trade-offs of one attribute against another in order to make a decision so that a weakness in one attribute is compensated for by strength in another. Weighted compensatory models assume that each attribute has a different weight of importance relative to other attributes. Based on the perception of 'negative incidents of low significance', customers accept minor mistakes or temporary unhappiness. Therefore, one might consider that for a once-in-a-lifetime experience it is worth making this journey and being totally satisfied in spite of other weaknesses of the service encounter. However, in this particular study the good performance of the tour leader and the memorable event of the Venice Carnival were not able to overcome the deficiency of an intensive itinerary. On the other hand, price attributes are trade-offs against the quality of tour components. The on-tour service attributes outweigh the pre-tour service attributes. Customer's overall dis/satisfaction is more likely to depend on whether their ultimate needs are met and whether the tour is good value for money.

7.6 Repeat business

Repeat purchasing expresses an intended behaviour related to the consumption experience of the company. Building customer relationships is considered to be a good marketing strategy for future return. Although many companies are aiming at and have developed various schemes to establish a long-term relationship with their customers, it seems that their intentions are difficult to achieve, due to the complexity of marketing circumstances.

7.6.1 Evaluation leads to relationship development

The findings revealed that travel agencies realise that customers' feedback from the tour helps them to be aware of customers' needs and to develop appropriate tour products and services for future customers. Therefore, without exception all the interviewed travel agencies have developed their own customer evaluation questionnaires and encourage tour participants to fill these in with their viewpoints on each service component. Usually, the tour leader is expected to carry out this job without influencing the customer's opinions. Some travel agencies pointed out that they would provide an envelope with each questionnaire and ask tour members to seal

the envelope before handing it over to the tour leader or just to mail it back to the travel agency.

To ensure a higher return ratio, a few travel agencies insist that the tour leader gets all the questionnaires completed in exchange for his daily fees, or writes a report to explain the reason for the missing questionnaires. Their actions prove that they are concerned about customers' opinions and intend to improve their services. In fact, the questionnaire not only serves as a tool for the evaluation of service quality of contact personnel and the quality of tour components but also provides other functions; it conveys the message that the company is sincerely interested in customers' opinions. Perhaps even more importantly, it discloses customers' background information, further travel intentions, and provides a database for future contact. Based on this, salespeople can send personal greeting cards to reinforce their position. This practice of customer evaluation also enhances the development of relationship marketing.

7.6.2   Building the customer relationship

Travel agencies intentions

It is arguable that there is no need to provide a post-tour service stage, unless customers have complaints. In fact, handling customers' complaints properly may be a way to enhance the customer relationship (Swarbrooke and Horner, 1999) and generate a second sale. In Taiwan's society there is a saying that 'customers who complain are more likely to buy again'. However, many travel agencies believe that post-tour service performance can be equally as important as the on-tour service performance. They consider that information delivery and personal attention are vital in building customer loyalty and expect salespeople to take the responsibility of post-tour communication/contact. The findings confirm studies (Grönroos, 1978; Mossberg, 1995) which suggest that tour leaders have a better chance of developing personal relationships with tour members. Indeed, it is easy for tour leaders to contact tour members during the post-tour stage. This explains the reason why some travel agencies prefer to use salespersons to guide an overseas tour since it increases the chance of making a second sale after the tour returns home.

Transaction marketing is focused on much more than the core product itself (Grönroos, 1994). The transactional relationship focuses on the single or short-term transactional approach (Gummesson, 1999). On the other hand, relationship marketing highlights customer priority and focuses on the long-term relationship and a mutually beneficial approach (Christopher, Payne and Ballantyne, 1991). Traditional Chinese culture significantly weights human interactions and long-term business relationships. Based on the results of interviews, most of the travel agencies claim that they are more interested in relationship marketing which is based on salespeople's frequent contact with customers and is called personal 'Kuan-hsi'. The essence of human interaction 'Kuan-hsi' (personal relationships) is widespread in conventional Chinese society as well as in the commercial field. Prideaux (1996) stated that the existence of illegal travel agencies - "Kau Houn"- reflects the strong role personal relations still play in Taiwanese business practices.

Both General T/As and A-Type T/As have stressed the importance of relationships with their customers and consider frequent contact with customers to be vital. Salespeople are expected to build personal relationships with clients to benefit the company. However, the concept is gradually changing since the structure of travel agencies has changed as more large travel agencies have emerged and there are differences in the way they develop their marketing strategies. The findings suggest that travel agencies are in a dilemma over how to develop the customer relationship. Firstly, they attempt to develop a close, long-term relationship with customers through their salespeople's frequent contact such as sending a birthday card, or even a cake, or other traditional greeting cards. Mailing promotion pamphlets with a discount indication is also a common practice. However, this practice seems to be less effective; many salespeople are reluctant to do it. In reality, sales people prefer to deal with incoming call customers. Secondly, sending personal greeting cards to clients is a significant cost for a major travel company. It may not be cost-effective since many of the customers are not frequent travellers. Thirdly, some travel agencies, particularly the General T/As, consider that keeping in close contact with customers takes too much work and they do not have enough resources to handle such a large volume of customers; just sending brochures or promoting flyers seem inadequate to build better relationships. Lastly, relying on salespeople to build personal relationships has a crucial weakness; the sales person takes away customers when they leave the

company. In addition, travel agencies consider customers nowadays to be less loyal; they are price sensitive rather than brand loyal. Jones and Sasser (1995) stated that 'this is the real world, where products and services are rarely perfect and people are hard to please.' This view is confirmed by Yüksel and Yüksel (2002) who concluded that nowadays managers in the hospitality industry are having difficulty maintaining relationships with customers.

This fact is also supported by Jones and Sasser (1995) who consider that the relationship between satisfaction and loyalty is by no means linear. In non-competitive marketplaces, a customer who is not satisfied has no alternative but to remain loyal. Conversely, in highly competitive industries, a highly satisfied customer has more alternatives in which to change travel agency (see Figure 7.7). Therefore, the large travel agencies in Taiwan are adopting the modern methods of mass advertising through the media, and this may eventually take over from the traditional methods of personal contact. A transactional business relationship might take over from personal relationships to generate sales (see Figure 7.8). Taiwanese travel agencies have therefore become much more transaction-driven and tend to focus on short-term relationships. However, travel agencies are still concerned about the long-term relationship with the travel agents who supply their customers.

Figure 7.7 Relationship between satisfaction and loyalty in different industries
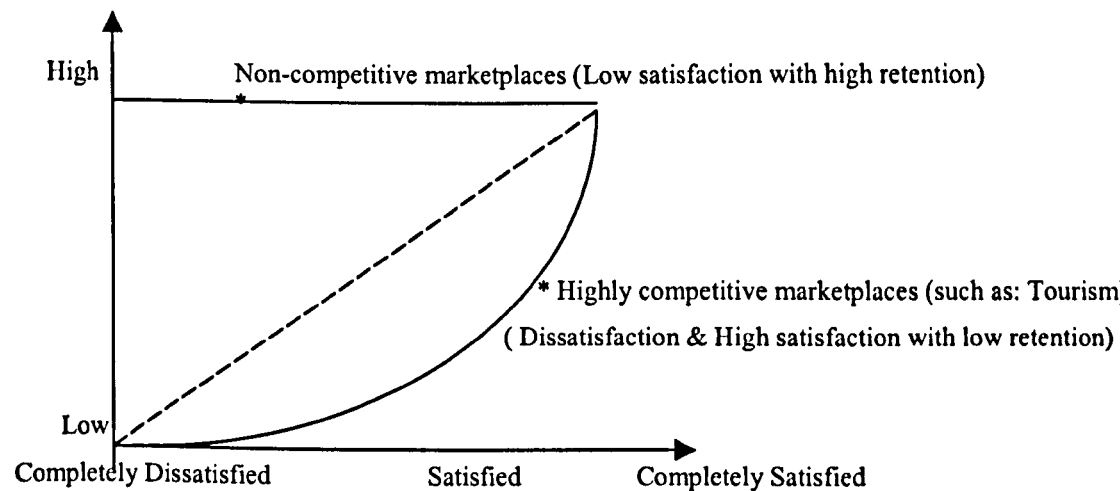
Sources: Adapted from Jones and Sasser (1995)

Little empirical research has been done to show how the marketing relationship works and how efficient it is when applied to the travel industry. In addition, different sized

travel agencies will use different marketing approaches. In fact, it is difficult for a large travel agency to practice the marketing relationship on leisure travellers in a traditional way without making a selection of customers. However, it is worth applying this practice to business travellers since their frequency of travel per year is higher. By contrary, relationship marketing is better applied by small travel agencies and travel agents since they cannot afford to advertise their tour products through the media (see Figure 7.8). In fact, it is getting difficult for many travel agencies to develop long-term business relationships with their clients if the company-customer relationship relies wholly on salespeople, due to the high employee turnover rate in the service industry nowadays. Instead, travel agencies should aim to develop company-customer relationships on the basis of a corporate image.

Figure 7.8 Conceptual model of the relationship between travel agencies and customers

Transactional marketing

| Large Travel agencies | Relationship marketing based on salespeople | Small travel agencies; Travel agents | Relationship marketing based on salespeople | Customers |
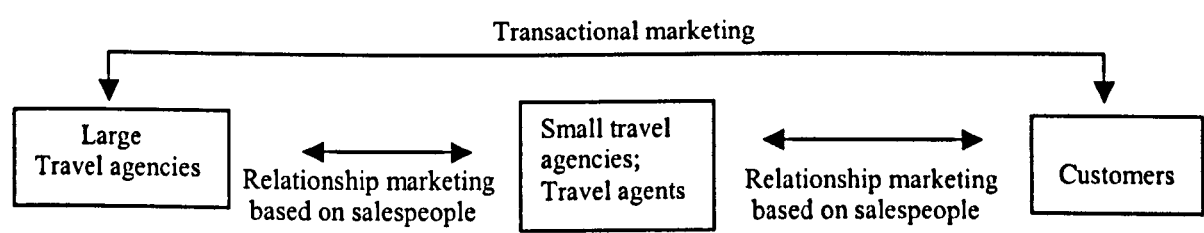
7.6.3 Repeat purchase based on tour leaders and price

In an intensely competitive market, consumers tend to have low loyalty when they have more options. Sellers (1991) considered that customers are becoming more practical and more cautious in their discretionary spending. They tend to demand the right combination of product quality, reasonable price and good service (Choi and Chu, 2000). In this study, tour participants have shown that they are less loyal to a brand or have indicated that they will only return under certain conditions. However, as Chen and Gursoy (2001) claimed, if customers are willing to recommend the product to other friends, their consumption behaviour may be considered to be product loyalty. In this study, 87% of interviewed tour participants indicated that they would recommend this tour product to their friends or relatives in which case they would be regarded as loyal to the company.

The findings from the tour participants' telephone interviews supported the reviewed literature (Dube, et al., 1994) that there is no guarantee that a satisfied customer will repeat purchase, but an extremely dissatisfied customer is unlikely to return. However, it also indicated that certain levels of dissatisfaction are not crucial; it depends on the needs of the customer. The findings are partially supported by Andreassen and Lindestad's (1998) conclusion that corporate image rather than customer satisfaction is the main predictor of customer loyalty. The findings support the disconfirmation-expectation paradigm, which predicts customer satisfaction as the primary route to customer loyalty if satisfied customers' recommendations to others can be considered as loyalty.

Customer satisfaction is an essential part of repeat business. In fact, when evaluating customer satisfaction and repeat business, the quality of the tour and the performance of the tour leader were evaluated separately since the price customers have paid is related to the quality of the product but is less associated with the performance of the tour leader, particularly for those tour leaders who do not get daily fees from their travel agencies. Therefore, the performance of the tour leader should not be related to the price the customer has paid even though it might be related in certain circumstances, since it would be unfair for those tour leaders who lead more economic tours which are usually considered to be low quality. Many tour participants in this study indicated that they might be repeat purchasing if the tour leader is the same person for the next trip which showed that some tour participants evaluated their satisfaction with the tour leader and the quality of the tour separately.

The findings of this research revealed that customers are less interested in a long-term relationship with a company; although in the tourism industry it may be argued that relationship marketing provides more benefits than the transactional relationship for customers in Taiwan since they are looking for a better deal which includes price and personal trust (the tour leader). Repurchasing from the same travel agency enables customers to gain more attention from the travel agency and entitles them to bargain with the company for a better deal. In addition, customers know the tour leader who can provide a sense of confidence. However, in an intensely competitive market like the tourism industry in Taiwan, customers have a wide range of choice. Therefore, Taiwanese travellers seem not to be so keen on developing a long-term relationship

with a company. Although switching costs may keep a customer loyal to a corporation for a while, Lee and Cunningham (2001) indicate that switching from one travel agent to another is relatively easy to do in a competitive market.

Many factors influence customers' decision-making regarding repeat business. This might also be related to the characteristics of the product, customers' psychological thought, and intangible human service. Heung and Chu. (2000) argued that a travel agency's reputation was rated as the most important attribute among 29 selection attributes (also see Leblanc, 1992). However, this study's finding indicated that the price is the most important factor for repurchase and supports previous studies (Mansfield, 1992; Lin, 1998) which showed that price has precedence over the image of the corporation as an important determinant in customer decision-making. It was concluded that in the Taiwanese tourism market the corporate reputation is only considered as a pull factor, whilst price is considered to be a push factor.

7.7 Conclusions

The production and the distribution system of Taiwanese guided package tours have a unique character based on their Chinese cultural background. The travel agencies revealed that customers are difficult to satisfy and retain. Despite their cultural background, other guided package tour products share the same predicament, which to a certain degree makes them vulnerable. Similarly, Taiwanese travellers suffered from difficulties in having their needs met. It seems that further communication with customers and more service effort needs to be made in order to prevent failure in delivering the tourism product. The findings suggest that it is essential for travel agencies to focus on customers' travel expectations and contact personnel's performance skills, particularly the performance of tour leaders. In addition, this study suggests that travel agencies should be aware of the importance of corporate image, since customer decision-making is very much dependent on word-of-mouth communication.

Although a wide range of studies have been written regarding the determinants of travel satisfaction, it seems that a standard model or framework is difficult to find since it involves too many variables. However, performance including service quality

is considered to have a direct impact on customer dis/satisfaction judgments, while other elements, for example expectation (influenced by previous experience, price paid, information received), emotion, equity, and attribution are also involved.

Other elements, such as personal behaviour, destination attributes, and supplementary elements are also important. These variables affect travellers' travel motives and their satisfaction at different levels, particularly when there is a 'hidden motive' involved. Therefore, it would be more realistic for service suppliers to focus on providing reasonable satisfaction by avoiding making mistakes or provoking complaints rather than trying to satisfy everyone.

In the tourism industry, personal service and attention become more crucial than the product itself since tour participants spend most of their time interacting with the contact staff. This is also particularly important if the customers are dependent and reserved. Therefore, in order to provide reasonable satisfaction, travel agencies should pay more concern to the service attributes of the contact personnel since human service failures are more common than the flaws of the product. Although Taiwan's travel agencies have attempted to focus on customer service, their efforts seem insufficient. But in order to accomplish this goal, the selection of tour leaders needs to be reconsidered. In addition, the travel agencies should make good use of the pre-tour induction for message delivery since the reviewed literature shows that perception differences between the travel agency and the customer are a key factor in customer dis/satisfaction.

The findings from the collaborating travel agency's self-devised questionnaires showed that the majority of tour participants were satisfied overall with the tour and service, they did not necessarily reflect whether every component of the tour was of a high standard. In fact, many tour participants revealed that they were quite satisfied with the features of the tour in general based on the price they had paid. The outcomes partially contradict some of the travel agencies who indicated that customers are price-sensitive before the tour and quality-sensitive on the tour. The perceptions travel agencies have developed might be because they use low price as a promotional tool but do not make the quality explicitly clear to customers.

As Fache (2000) indicated, nowadays customers are much better equipped with travel knowledge and are increasingly experienced in the travel field which increases their dominance and makes them less reliant on the proficiency of travel agents and tour leaders. They have become much more demanding which will eventually force the service providers, particularly the travel agencies, to reinforce their service quality. In fact, there are an increasing number of large travel agencies, in particular the wholesalers, who are making innovations in service concepts by joining the ISO in order to improve their service delivery systems.

It is clear that customer satisfaction depends on good service quality. However, customer satisfaction does not act as a decisive determinant for repeat business. Instead, it is more likely to act as an essential element; other considerations such as the price, and the service quality of tour leaders act as more decisive factors and should be taken more into account. Despite the fact that nowadays customers are less loyal, most travel agencies still aim at building a long-term relationship with their clients. However, the concept is changing; the traditional way of personal-customer relationship marketing is gradually being replaced by company-customer relationship marketing.

Chapter 8: Conclusions and Recommendations

8.1 Introduction

This chapter reviews the research objectives and then discusses the contribution to knowledge, provides a summary of the findings and puts forward recommendations for the package tour industry to improve customer satisfaction. A process for the pursuit of success relating to customer satisfaction is proposed for the guided tour product. This would increase recommended and repeat sales by firstly developing realistic customer expectations during the pre-tour encounter, and then delivering a reasonable level of satisfaction on the tour. It is also suggested that the travel industry should focus their post-tour marketing activities on nurturing a positive corporate image. The chapter then evaluates the key empirical findings arising from the research, including the dependency of Taiwanese group travellers, their need for social contact during the tour, price and tip sensitivity, and travel company/customer relationships. Recommendations for the travel industry include pricing strategies to encourage earlier booking, training of salespeople, the importance of communication, the role of the tour leader during a tour, and enhancing post-tour company/customer relationships. Further research into pricing, travel behaviour, tipping and the tour leader are suggested to enhance customer satisfaction and the limitations of the study are discussed. Finally, the researcher's personal experiences developed throughout the project are disclosed.

Reviewing the research objectives

Customer dis/satisfaction is recognized as one of the decisive factors for future repeat purchasing by practitioners in the tourism industry. Nevertheless, there is a communication gap between service providers and their customers that needs to be researched in the interests of both travel agencies and their customers. This study has investigated customer dis/satisfaction with Taiwanese travel agencies and the relationship overall between travel agencies and tour customers.

In evaluating customers' expectations and travel motives when buying a travel product, this study found that Taiwanese travellers tended to aim for an adequate level rather than a desired level of travel expectation. This study also found that 'escape' or 'getting away from home' motives played a dominant role in triggering travel intentions. Reasonable price, and friends and relatives' recommendations were also important in shaping travel intentions. In addition, experiencing a different culture and meeting social needs were also recognised as very important factors for Taiwanese travellers.

When identifying the dimensions of service provided by travel agencies in Taiwan, this study found that travel agencies in Taiwan are extremely service-oriented. They believe that 'treating customers in a friendly and harmonious way' is a profitable strategy, and they will put a great effort into the service delivery system. They expect tour leaders to provide a good service to customers when on tour, and they rely on salespeople to build a close relationship with their clients by sending all kinds of congratulatory cards.

The research aimed to investigate customer dis/satisfaction based on pre-tour and on-tour service encounters. It was found that the discrepancy between customer perception of the holiday and the reality of the holiday was caused by poor communication between the front-line contact personnel and customers during the pre-tour stage, and was the key reason for customer dissatisfaction. The ineffectual pre-tour induction and the consumption behaviour of customers (passive and reserved) as well as the mis-interpretation of the tour product and booking conditions were the results of poor communication. The research also aimed to analyse the role of the tour leader and her/his relationship with the customer on guided package tours. The tour leader was identified as the most important factor influencing customer dis/satisfaction in general. Taiwanese travellers were in favour of personal attention from the tour leader and good interaction with other tour participants when on the tour. However, the issue of tipping the tour leader which is obligatory, had a negative impact on customer satisfaction.

In identifying the importance of service performance, SERVQUAL dimensions have been presented and four dimensions – reliability, responsiveness, assurance, and

empathy - are considered important for defining the meaning of tourist satisfaction. The dimension of tangibility was not revealed as of importance for customer dis/satisfaction judgments. Other service dimensions also needed to be considered, in particular the dimension of 'communication' (Parasuraman, et al., 1985). In service marketing, management may regard communication as an important tool for service recovery and image improvement. In fact, the functions of communication are more than just working as passive defence when customers have complaints. It can be performed more dynamically to improve the level of satisfaction. Pre-tour effective communication could prepare customers for the service process, negate customers' unrealistic expectations, manage customer expectations, and improve customer education (Zeithaml and Bitner, 2003).

In investigating the relationship between overall satisfaction with the travel agency and the generation of repeat business, the findings revealed that in a highly competitive industry, such as the tourism industry, customers are less loyal. Customer satisfaction only serves as a basic influence on repeat purchasing; price and the image of service providers, particularly the tour leader also needs to be considered. The tourism market in Taiwan is in a turbulent stage due to the intense price competition. The study found that satisfied package tour customers did not favour repeat purchasing unless they could get a better deal when purchasing again from the same travel agency. A conceptual model explaining the relationship between large Taiwanese travel agencies, small travel agencies and customers interested in participating on a guided tour was proposed. Although small travel agencies still favour traditional relationship marketing based on salespeople contact, large travel agencies appear to be developing transactional marketing practices.

8.2 A process for the success of a guided-package tour

A process for the pursuit of success relating to a guided-package tour has been developed which proposes a customer satisfaction model for the guided package tour product to enable travel agencies to deliver a better service, as well as engaging in more effective marketing campaigns. Three customer satisfaction objectives were developed relating to the pre-tour, on-tour, and post-tour stages. Figure 8.1 proposes that to deliver a successful guided package tour, travel agencies should aim to develop

customers' expectations to a realistic level during the pre-tour stage; provide customers with a reasonable level of satisfaction during the on-tour stage, and focus on a positive corporate image and on word-of-mouth communication in the post-tour stage.

Figure 8.1 A process for the success of a guided-package tour

Customer Satisfaction Objectives

Pre-tour	Travel agencies →	Provide Realistic expectations	← Reliability Assurance
On-tour	Tour leaders →	Communication over NILS* For Reasonable satisfaction	← Responsiveness Empathy
Post-tour	Tour leaders Salespeople →	Corporate image and Recommended and Repeat business	← Company - Customer Relationship
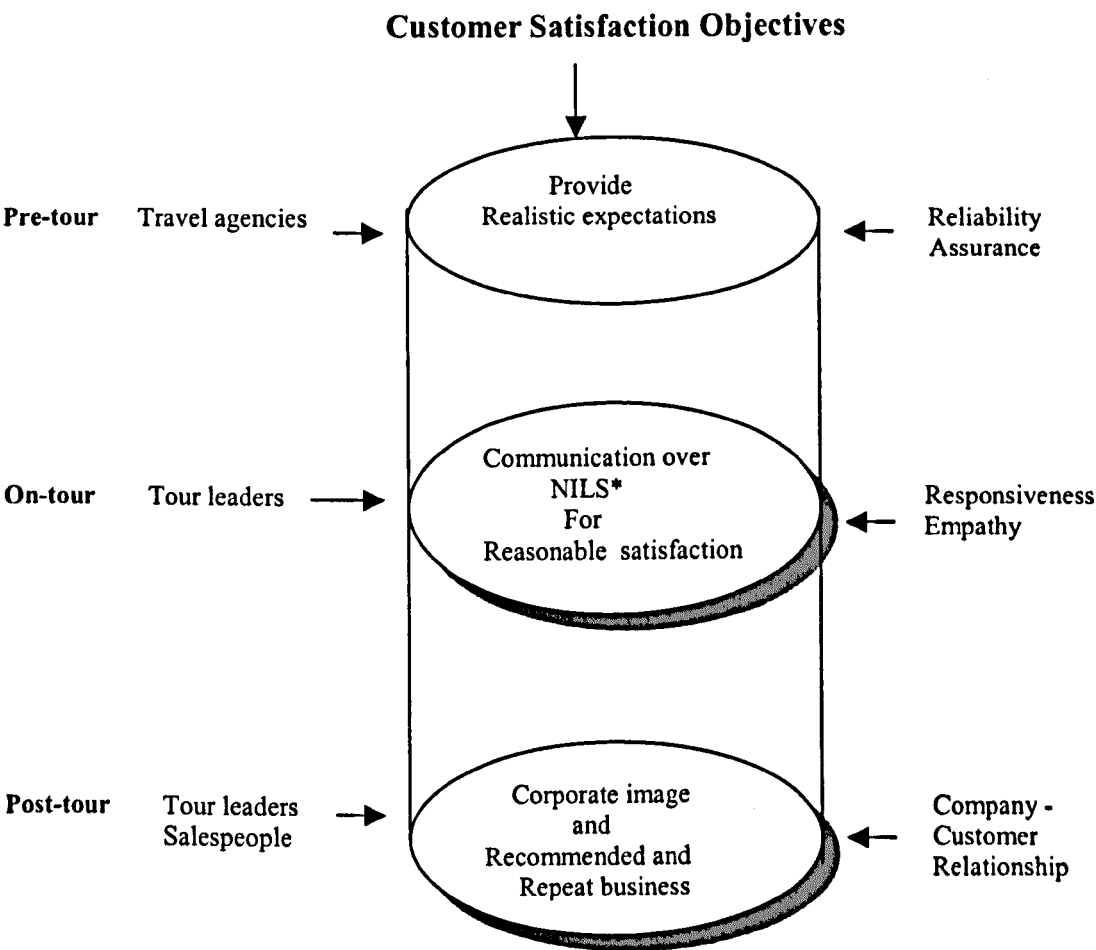
* NILS - Negative Incidents of Low Significance (also see Chapter 6, Section 6.5.5)

During the pre-tour stage, customers have three important expectations regarding the quality of the tour product, the attributes of the destination, and the service provided by contact personnel. These expectations are formed as a result of the personal needs for taking a vacation, marketing communication activities from the service providers, and recommendations from friends/relatives. Customers' unrealistic expectations have been identified as an important barrier to customer satisfaction. To ensure that customers develop realistic expectations, effective channels of communication are

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essential between the travel agent's salespeople and customers, the salespeople and administrative staff within the company, and also other marketing communication activities. Figure 8.1 suggests that travel agencies should ensure the ability to perform the promised service accurately (reliability). They should take the initiative during the pre-tour service encounters to ascertain customers' trust and confidence (assurance) and to improve the pre-tour induction to ensure that customers have received all the information they need.

Managing on-tour customer satisfaction is complex since it involves not only the quality of tour components and the service performance of the tour leader, but also three other dimensions: the travellers' personal attitudes (including emotional responses, perceived equity and attribution), the destination attributes, and supplementary elements. Aiming to deliver complete satisfaction in a market with intense price competition, consumer resistance to incremental prices to pay for higher quality, easy access to information meaning that customers have more choices, and low switching costs is not financially attractive due to the low profit margin on a tour. Figure 8-1 therefore suggests that it would be more realistic for travel agencies to aim at a reasonable level of satisfaction rather than at a higher level of complete customer satisfaction. Jones and Sasser (1995) claimed that with the purpose of retaining the company-customer relationship, a level of satisfaction below complete or total satisfaction is acceptable since products and services are rarely perfect and people are hard to please. Provided that customers have developed realistic expectations during the pre-tour contacts with the travel agency, then a reasonable level of satisfaction will be acceptable to the customer and profitable to the company.

In addition, communication by the tour leader with the customers during the tour, regarding any negative incidents of low significance (NILS), should help to resolve any minor problems or unforeseeable and uncontrollable incidents encountered by tour members (although major incidents of dissatisfaction might be beyond the tour leader's influence). Figure 8-1 suggests that travel agencies should be aware of the importance of the tour leaders' service attitude and communication skills, to explain to customers the reasons why a NILS occurs, and consequently to help reduce customer dissatisfaction. Furthermore, it is essential for the tour leader to be friendly, caring, and attentive (responsiveness and empathy) to customers during the tour.

In the post-tour stage, a positive corporate image including the good image of the tour leader, enhances company-customer relationships, which are more effective for future recommended and repeat business than that for building personal relationships with clients by salespeople. Indeed, Figure 8-1 suggests that companies should focus on generating word-of-mouth customers' recommendations rather than trying to market further products to customers - since customers tend to have low loyalty when they have more options in the highly competitive tourism industry. The figure also suggests that offering a competitive price and the good image of the tour leader should enhance the likelihood of future repurchase.

8.3 The perceptions of customer satisfaction

Can customers buy their own level of satisfaction? Theoretically speaking, a person who has paid more should receive a better quality of tour product and better service from contact personnel. Therefore their chances of being satisfied are more likely. But in reality, it does not necessarily mean that the customer will be highly satisfied since their expectations have gone up as well. In fact, people who have paid more for a better quality tour may finally have low satisfaction since they have a narrow 'zone of tolerance' - their adequate level of expectation is higher. As a result, a minor incident might cause dissatisfaction.

Should tour leaders behave differently when they are serving different types of tour? This question remains debatable and depends on the personal attitude and professional morality of contact personnel. Assuming that a tour leader's performance is related to the rewards received from conducting a tour then the major difference in receiving rewards among tour leaders in the same travel agency is the tip from tour members. Does a tour leader get more tips from an up market tour than from a budget tour in the same destination? So far, there is no evidence to indicate that tour members in an up market tour tend to tip more than those in a budget one. In fact, the amount of tip tour leaders receive does not depend on the price customers have paid. On tour the amount customers tip is more dependent on the behaviour and service quality of service providers or the fear of disapproval from service providers.

If service attitude is affected by the price a customer pays, then those customers who participate in a budget tour will not be satisfied - a phenomenon which seems unlikely to happen. Therefore, it may be concluded that in the travel industry service attitude should not be significantly influenced by the price of the tour product. In short, customer satisfaction is not based on the price they pay but on whether tour participants have developed realistic expectations. After all, customers tend to develop a lower expectation when they have paid less so that customers are more likely to be pleased or extremely satisfied in receiving normal or a better standard of product and service than those who have paid more and who have a higher expectation (Laws, 2002).

However, there is a possibility that the price customers have paid may increase their level of satisfaction if the price can motivate better service. In the tourism industry, customers in general only buy the quality of a tour product rather than the service quality of the contact personnel. Therefore, if customers are willing to pay a little more for the service quality of contact personnel, for example the daily fee, then travel agencies will be more selective about hiring a qualified tour leader for service. Demand might also force the travel agency to classify their tour leader and reward tour leaders on their capabilities. Customers should experience a higher level of satisfaction from a tour leader who has better professional skills.

In fact, customer satisfaction involves more than just price and performance; more antecedents should be considered, which are discussed as follows:

Performance _only_ and expectancy disconfirmation

The concept of customer satisfaction judgment has been interpreted differently by academic researchers – with or without the expectation. Some researchers consider customer satisfaction does not involve expectation (LaTour and Peat, 1979; Barsky, 1992; Spreng, Mackenzie and Olshavsky, 1996). But most dis/satisfaction judgments involve a comparison between perceived experience and expectations. However, this study found that performance _only_ may be a practical and reliable approach for evaluating customer satisfaction in a package tour since it is able to reflect customer genuine reactions to each service encounter or attributes of the product.

Relying on expectations - as the comparison standard – has limitations. For example, the expectancy disconfirmation approach may miss out other important elements - expectations can only be affected by attributes or characteristics that a customer is aware of prior to use. In addition, due to cultural background, personal value, and limited previous experience, customers may not able to adjust their fuzzy expectations into explicit or implicit expectation. As a result, it may not be realistic to depend on expectation as a major element of dis/satisfaction assessment. However, on final reflection, this study considers that expectation comparison exists and has an impact on customer dis/satisfaction judgment. Pizam and Ellis (1999) wonder whether when travellers experience the attributes of the package tour they form a set of independent impressions on each attribute and may compare those experiences with the expectations of the same attributes. This study considers that ultimately customers' overall experience will become involved with the comparison of expectations. Hence, when evaluating customer satisfaction, customer pre-tour expectations should not be ignored.

Overall satisfaction vs satisfaction with individual attributes

This study found that customers make trade-offs of one attribute for another in order to balance their feeling of satisfaction. However, each traveller has different value judgments towards individual attributes – critical or neutral. Their overall dis/satisfaction might be influenced by only one attribute which they consider is much more critical than others. In addition, overall dis/satisfaction judgments may not involve the element of service performance, for example social interaction with tour members or local special events may be of particular importance. Results suggested that attributes related to the travel experience (e.g., shopping, social interactions) have a greater impact on overall satisfaction than attributes related to the product. Attributes related to service quality/performance are more significant for dis/satisfaction judgment than attributes related to the physical products. Since product attributes such as restaurant meals and the hotel room are considered basic attributes, as long as they are in the zone of tolerance customers will not have a strong unsatisfactory experience.

Antecedents of customer satisfaction

To measure/evaluate customer satisfaction, many researchers tend to identify dimensions or attributes of the product/service in generic terms which are different from customers who use them in overall satisfaction assessment. Hence, evaluating tourist satisfaction appears to be more complex in practice than merely to determine each determinant of customer satisfaction. This research identified the following key variables, which have a different degree of influence on customer satisfaction on guided package tours: customers' perceived expectation including previous experience, the price they have paid, source of information and communication, travel behaviour/cultural background including emotional responses, perception of equity, attribution, and the performance of contact personnel. This study considers that customer satisfaction in a guided package tour is profoundly influenced by the attributes of service performance of the contact personnel. Indeed, Churchill and Surprenant (1982) suggested satisfaction could be increased only by improving performance, not minimizing negative disconfirmation (decreasing the level of expectation).

Expectation – a comparison variable – and other components, which include emotion, attribution, equity, and cultural value may influence customers' levels of satisfaction independently or interactively. For example, personal cultural value may influence the focus of the attribution, which in turn may affect customers' dis/satisfaction judgments. Price may influence the focus of the attribution, which in turn may decide who should be blamed.

Customer expectation is formed mainly during the pre-tour stage – although it might be altered on tour. For example tourist's expectations are constantly rising if their needs are met each time. Ensuring that customers have realistic expectations is important for delivering a reasonable level of satisfaction. Since very often communication gaps are found between the service providers and the customers, further detailed communication between service providers and customers seems to be the best way to reduce unrealistic expectations. In general, customers who do not have previous travel experience have a tendency to develop unclear expectations. Their expectations are mainly derived from the marketing communication activities of the

travel agencies. In fiercely competitive markets, travel companies can exaggerate the authenticity of the tour programme in order to generate more sales, and so a sense of disconfirmation is formed due to the higher expectation of the tour product. As a result of this practice, customers are less confident about their next purchase and travel companies develop a poor reputation.

Culture, which has an impact on the perception of service quality, problem attribution, and perceived equity, should be particularly considered. Services and products important to Asians may be completely different from those sought by Europeans due to the different perspectives when evaluating customer satisfaction (Pizam and Ellis, 1999). Individual travel behaviour and personal value bear a strong relationship with customer service and retention. However, there are 'hidden motives' involved. Social need is found to be significant for those people who come from a collectivist society and have participated in a group package tour. Therefore, a travel product providing a social function for tour participants may contribute greatly to the success and quality of a tour.

The performance of service personnel, in particular the tour leader has a decisive influence on customer dis/satisfaction during the service encounter. Although the majority of travel agencies in Taiwan offer various training schemes, the apprenticeship is the major instrument for training which in fact is insufficient for tour leaders. In addition, most travel agencies have a tendency to focus on training in product knowledge, and pay less attention to contact personnel's service attitude and communication skills. Therefore, more training schemes in customer service are needed.

This research confirms the findings from other authors. Several researchers have highlighted the important role of the tour leader on group package tours and have pointed out that the quality of the tour leader is vital for the success of a tour (see Schmidt, 1979; Lopez, 1980; Quiroga, 1990; Geva Goldman, 1991; Agrusa, 1994; Mossberg, 1995). Agrusa and Mossberg even claimed that the tour leader is the most important factor in a tourist's perception of the tour, and a professional tour guide is the first-choice amenity for group tours. Since the tour leader was recognised as an important factor in customer decision-making, Wang, Hsieh and Chen (2002)

suggested using the tour leader as an endorser for group package tour brochures (posting tour leaders' photographs and names on tour brochures) and found that this provides more effective advertising than the advertising used in a traditional brochure.

8.4 Empirical findings

1. Taiwanese group travellers are less independent: It is apparent that different ethnic groups exhibit different travel behaviour. This study found that Taiwanese travellers are less independent when travelling with a guided package tour and are highly reliant on the service of the travel agency and the tour leader. They expect their tour leaders to look after their needs and guide them with professional authority. Tour members will seldom challenge the authority of the tour leader in public but may complain to other tour members for support of their view. In other words, tour members can be influenced and managed through a polite/respectful way of communication since Taiwanese travellers consider 'face' to be important. Therefore, for travellers who are less independent, the contact personnel should take the initiative rather than assuming that customers know everything. So informing Taiwanese travellers what to do or explaining what they should know is more productive than waiting for the customer to ask informed questions.

2. Need for social contact: This study found that Taiwanese travellers have a tendency to travel with friends/colleagues rather than their own spouses. One of the reasons might be because their times for vacation do not mutual. The other reason was that they wanted to make new friends. In fact, the frequent contact among tour participants on the bus and at the dining tables offered great opportunities for interpersonal interactions. The arrangement of entertainment along with dinner parties and evening excursions by the tour leader facilitated the atmosphere of social contact. Social interaction was found to be significant for those tour members who participated in the group tour without being accompanied by family members, and it was viewed as a source of much enjoyment.

Although both Crompton (1979) and Van Raaij (1986) consider that social interaction is one of the key travel motives for people taking a vacation, they do not truly emphasise the importance of its role. This study considers that the traveller's need for

social contact during the tour is actually more crucial than people have thought –
travellers have this need but they do not recognize it. However, it is not only an
important travel motive for people who participate in group tours but also a crucial
determinant for the feeling of satisfaction and enjoyment when on the tour. As
Holloway (1981) has stated, it is considered a great success for a tour guide to be able
to foster group member's interaction and interpersonal relationships.

3. Price-sensitivity: Many travel agencies claim that nowadays travellers are price-
sensitive, in particular most General T/As considered that quality is not the key
determinant for attracting consumers. Instead, they consider that offering a
competitive price is more important. Indeed, Taiwanese travellers are price-sensitive
in general and are motivated to travel on the basis of price since a good price is felt to
be just too good to miss. The reason for this can be traced back to past living
conditions. The development of the tourism industry in Taiwan does not have a long
history and most people have not had a discrete income for taking a vacation.
Spending a large amount of money for non-productive activities has not seemed
practical to many Taiwanese travellers. In addition, bargaining for a better deal is part
of Chinese culture. Therefore, it is not surprising that customers have a tendency to
ask for discounts and are sensitive to the price. However, some travel agencies
complained that nowadays Taiwanese customers are difficult to deal with since they
are price-oriented in purchasing and quality-sensitive when consuming. The
researcher argues that this phenomenon does not apply to all the segmentations and is
not entirely the customers' fault. Asking for discounts might be due to previous poor
experiences; it also depends on how the travel agency promotes its tour products and
communicates with its customers. Most travellers understand what they have bought
if appropriate communication is undertaken. In fact, some travel agencies which
emphasise the transaction relationship are responsible for the perception differences
since they exaggerate their products or perpetuate unreal perceptions in order to
compete.

Although the price is related to the quality of the product, it does not mean that people
who pay a low price will receive poor quality service from contact personnel and will
have lower satisfaction. They might have higher satisfaction. Keeping in mind that
customers are price-sensitive enables management to plan a tour product more

realistically and help the contact personnel to deliver their communications to customers. Most consumers are sensitive to the price they have to pay - and they are pleased if service providers know their needs (such as good value for money) and satisfy those needs.

4. Tip-sensitivity: This study found that the issue of tipping plays a crucial factor in influencing the tour leaders' job performance as well as in customer satisfaction. The practice has caused many disputes in the past and will continue to generate problems between the three sides: travel agencies, tour leaders, and customers. Tipping is a sensitive issue since it is the main source of income for tour leaders. However, it is not customary in Chinese society and it is, therefore, difficult to be totally adopted by Taiwanese travellers, even in the long-term future. The researcher is not optimistic about this dilemma unless the travel agencies change their policy on tour leaders' welfare - and tour leaders' perceptions toward the issue of tipping are reshaped.

A good quality of service will not be delivered if a tour leader is sensitive to the tip. Travel agencies have put much effort into the issue of customer satisfaction but ignore the fact that the tour leader - who is tip-sensitive - may easily ruin all the efforts travel agencies have made. After all, the tour leader is an important determinant in customers' repurchase intentions. Emphasizing the service quality of the tour leader is definitely important for business success.

5. Company-customer relationship marketing: The concept of relationship marketing has been operating in Chinese society for centuries. However, most organizations undertake this practice using their salespeople. This study found that most travel agencies still undertake traditional marketing techniques, relying on salespeople to develop personal relationships by sending personal greeting cards. Nevertheless, there are signs that this practice is gradually changing. Some large travel agencies have found that it is not realistic for marketing engagement and instead, they have a preference for building company-customer relationship marketing. They consider that the files of customers should belong to the company rather than to the individual salesperson. Customer contact should be pursued under the name of the company; there is no personal but only a company's image when dealing with customers.

The company-customer relationship marketing has been practiced in many businesses and is not a new concept for travel agencies in building relationships with their customer. However, many travel agencies have not used it until recently. Moreover, the concept of company-customer relationship marketing might be difficult to achieve due to the Chinese culture of Kuan-Hsi (personal relationship). Taiwanese consumers consider that a personal relationship with company staff is much more reliable than a customer-company relationship.

8.5 Recommendations for the travel industry

This study proposes the following recommendations for Taiwanese travel agencies.

1. Pre-booking discounts: Tour cancellation has caused much dispute for a long time and presents a major obstacle in business development and customer's rights. The major factor causing cancellation is an inadequate number of bookings. A large number of Taiwanese travellers do not plan their vacation far in advance which forms a big hindrance for travel agencies who need to organize and obtain travel documents such as visas and passports for customers. To increase the numbers of bookings, travel agencies could aim at encouraging customers to purchase their vacation as early as possible. It would seem sensible to offer an early booking discount as an incentive to encourage more early bookings.

2. Team service and frequent contacts: Just as Vavra (1997) claims, in the current competitive market, one of the most important aims of corporate cultures is retaining current and past customers and only the "consumer-oriented" corporations can achieve this goal. Luk (1997) considers that only those employees who have a service mentality will genuinely respect customers, provide courteous service, and spend sufficient efforts to solve customers' problems. Luk also suggests that the company should incorporate the components of service quality and the interpersonal dimension into training programmes.

Although most travel agencies provide official or unofficial training programmes, these are focused on the knowledge of the product rather than the dimensions of the

service aptitude. Therefore, taking the initiative is vital for providing good quality of service, particularly for the administrative staff who usually are less likely to take the initiative and who do not match up to the salespeople in service delivery. Very often, customers complain that they know nothing about the travel details and get upset when they cannot get help or reach the salesperson after they have made a booking; they feel that they were abandoned after paying their money. This study recommends that for better service travel agencies should use a service team rather than only one salesperson. In addition, even though customers have paid the fee for the product, the contact personnel should continue to contact customers to enhance customers' confidence and to deliver the message that they are always important.

3. The importance of communication: Many disputes are caused by customers' perceptions due to inadequate company promotional material and the gap in communication between customers and contact personnel. This study suggests that two issues need to be reinforced in order to enhance mutual understanding. Firstly, contact personnel should take the initiative to sign the transaction contract with tour participants (once the customers have booked a place) and so ensure that the customer understands the contexts of the tour product and the legal aspects. Apart from merely signing the transaction contract with tour participants, the travel agency should highlight parts of the conditions on the contract which customers may not notice or which they may not consider to be of importance. Secondly, the travel agency should strengthen the function of the pre-tour induction. This study suggests that the time for the pre-tour induction should be rescheduled - held in the evening or at the weekend - in order to attract more tour participants. This is the first occasion for tour participants to meet their tour leader. It is important for the tour leader to provide confidence and identify each tour participant's needs.

In addition, there is a gap between salespersons and administrative personnel in terms of communication. In a large company, salespeople are usually responsible for recruiting customers. The administrative staff then take over the customers for further detailed services. Sometimes customers' needs are not fulfilled due to poor communication between the salespeople and the customers. Therefore, a good channel of communication is essential in an attempt to fulfil the promises made by the salespeople.

4. Ensure quality performance from the tour leader: One significant contradiction that most travel agencies face is the issue of control of service quality - and in particular the perception of tour leader performance. Most travel agencies emphasised service quality in all aspects but ignored the truth that a qualified tour leader is important for the success of a tour. By using unqualified/unsuitable tour leaders, charging 'Head Tax', or lowering the daily fee, they jeopardize all the efforts they have made for their customers. This study suggests that the tour leader is the key person for customer satisfaction - and for future return business. Taiwan's travel agencies should make more efforts to ensure the tour leaders' welfare and training. They should ensure that their tour leaders are able to focus on customer service rather than worrying about their income - even though this might increase travel agencies' costs. In addition, nowadays customers are more well-educated than before, and their demands for cultural tourism and to be enlightened by knowledgeable tour leaders has increased. It is not practical anymore for tour leaders to provide a 24-hour service. Forging interpretive skills is also getting more crucial in order to extend customer service. In addition, the issue of tipping still remains an obstacle for tour leader's service quality, despite the fact that most tour leaders realize that it is a voluntary payment. The travel agency should put more effort into further communication with tour leaders on the issue of tipping and reinforce the notion that forced tipping will not be tolerated. In addition, the travel agency should pay reasonable daily fees to tour leaders in order to moderate the significance of tips.

5. Enhance the post-tour relationship: Taking photographs on the tour and exchanging photos after the tour are common activities among Taiwanese travellers. In Chinese society, there is a saying that 'it is destiny for those people who come from thousands of miles to meet each other'. This study suggests that to enhance service quality as well as to provide a memorable tour experience, a tour leader could take a group photograph for each participant at the company's own expense. The travel agency could then send the next promotion pamphlet with the group photograph and the company's name on it for the purpose of word-of-mouth communication. In addition, the travel agency could organize a post-tour gathering as a means of enhancing the company-customer relationship or use the travel agency's web site for customers to exchange information or photographs.

8.6 Recommendations for further research

This study aims to explore customers' satisfaction in relation to package tours. Although significant results have been found in this study, it would be beneficial if the following issues which have emerged from this research could be further explored.

1. Low priced tours: Price has an important role in decision-making about travel and is regarded as the greatest motivating factor in a customers' purchase (Jung, 1993). Customers develop different levels of price acceptability based on their previous consumption experiences – dis/satisfaction with the product and service. Hence, price consciousness has a certain degree of influence on both dis/satisfaction decisions and return business. Numerous travel agencies in Taiwan considered that consumers are more concerned about price in selecting a group tour. In fact, one of the reasons for travellers taking the guided package tour is that it is usually less expensive. Furthermore, travellers who participate in the package tour may not particularly insist on staying in high-quality hotels or having a high quality of food. Instead, as long as the food and accommodation were acceptable, they are satisfied. This study found that customers who were satisfied with the product and service did not necessarily indicate that they would return for another purchase unless their needs were met, particularly regarding the price. Price seems to be a most important determinant for future purchasing for the majority of consumers. Therefore, the following hypothesis could be investigated:

Hypothesis:
It is hypothesised that the price of a package tour has a significant influence on the propensity to repeat purchase.

A further study could focus more specifically on how price influences tourist consumer decision-making, expectations, and satisfaction with a vacation, as well as determining the travel purposes of those who engage in a low price tour.

2. The impact of tipping: Gratuities have become an expected part of employees' incomes in the service industries. How to get more tips has been discussed among

Taiwanese tour leaders during their training programs. Tour leaders' expectations of tips are related to their employment conditions. However, the practice of tipping is not universal; tipping is not customary for the majority of Asian travellers and in some key outbound Taiwanese destinations, such as Australia. Furthermore, although travellers believe that a gratuity should be offered spontaneously and individually based on the level of appreciation the customers have received, travellers might not tip due to their cultural background or other reasons. It became clear that this subject impaired the level of enjoyment for many travellers when on the tour. In addition, the issue of tipping has affected the performance of many tour leaders in Asian countries who are sensitive to the amount of tips. In one sense, it may come to a proposition that tipping has an impact on the performance of the tour leader during the tour. Indeed the travel agencies' policies regarding tour leaders' welfare and the issue of tipping may have an influence on tour leaders' service attitude during the tour. Therefore, the following hypotheses could be investigated:

Hypotheses:
1) It is hypothesised that tour leaders' expectations of 'tips' may influence their service performance whilst leading a package tour;
2) It is hypothesised that the ways of collecting the tip from tour participants in the package tour may influence tour leaders' service performance.

A number of research papers concerning the issue of tipping have been discussed – but these are generally related to the restaurant business. Although there are no studies as yet, it seems that Asian tour leaders are more aggressive in collecting their tips than the tour leaders in the West. It would be interesting to know the difference between western and eastern tour leaders as to how tour leaders perceive the issue of tipping, and what differences there are between them in terms of performing behaviour in relation to tips.

3. Travel behaviour: As Law and Au (2001) have stated, there are very few published articles studying Taiwan's outbound tourism industry. Taiwan's outbound tourism industry will continue to grow but evidence has shown that disputes between travel agencies and consumers continue to occur. The issue of arguments tends to focus on the flaws of the service performance rather than on the poor behaviour of

customers. Numbers of travel practitioners have claimed that Taiwanese travellers' are difficult to cope with; they tend to blame others for their own faults. Studies focusing on Taiwanese travel behaviour, particularly on those travellers who favour south-east Asian destinations, may help travel agencies to deal effectively with customers and avoid further conflicts.

4. More studies on the performance of tour leaders: There is still a dearth of studies regarding the qualifications and training of tour leaders and the influence these have on the performance of the tour leader. Moreover, few studies pay attention to how the cultural background of tour leaders governs their service orientations and intentions. For example, Taiwanese tour leaders tend to provide long hours of service with their tour members. Does this apply to tour leaders of other nationalities? Although the reviewed literature has revealed a standardized set of skills in tour leaders' performance, it is difficult to cover all eventualities and it may not be possible to apply a standardized practice universally; focusing on key features may be sufficient. It would be useful to know how the service of tour leaders from different ethnic groups or nationalities varies.

5. Marketing relationship: Due to the mass travel market and the low profit margin on a tour, the relationships between travel agencies and customers are gradually shifting. Large-scale travel agencies do not consider that the traditional way of salesperson-customer relationship marketing is practical for the rapidly changing tourism market. Personal relationship marketing is being replaced gradually by transactional business relationships and more travel agencies are concerned about company-customer relationship marketing. Therefore, this study suggests that more studies, which are related to the change in relationship marketing in the Taiwanese travel industry, are needed during this transitional stage.

8.7 Method of investigation and limitations

Whilst looking at customer satisfaction, most researchers use the quantitative research technique of questionnaires to measure the level of customer satisfaction - using those determinants which researchers have assumed will have an impact on customer satisfaction. In order to look with insight into the real situation and to discover new

patterns which might play more decisive roles in determining customer satisfaction, this study used participant observation to collect first-hand, in-depth information. However, it could be argued that conducting only one participant observation was not enough to discover the whole picture of how travellers are satisfied. In addition, the collected data might be biased, due to the researcher's personal subjectivity, even though the researcher took great care to avoid such a situation.

In order to validate the collected data and enhance the value of participant observation, further interviews with service providers and tour customers were conducted. The researcher faced the challenge of engaging in international telephone interviews - but over half of the total tour participants agreed to take part in the interviews. This response rate was contributed to by the travel agency - which provided all the tour participants' telephone numbers - as well as the researcher's personal relationship with the tour participants. Moreover, the researcher felt a strong need to know the tour participants' comprehensive opinions toward each service component and the researcher knew that this data could be derived from travel agencies - since they normally conduct customer evaluation by means of questionnaires. The researcher had determined to collaborate with a travel agency which would be willing to share such data with the researcher. And, indeed, the secondary data gained from the collaborating travel agency proved beneficial to the overall investigation of customer satisfaction.

The tour the researcher participated in was considered a large tour party – and it also included a few family groups. One limitation of the participant observation was the difficulty of breaking into these family groups and gaining insight into the stories of their perception of the tour experience. Furthermore, the international telephone interview limited the accessibility of each tour participant, particularly those family group members. As a result each category in the findings does not present the full picture of each individual tour participant's point of view.

Moreover, the findings from this research are based on the travel industry in Taiwan, and, therefore, this also creates a number of limitations.

1. The findings from this study should not be freely used for generalization within non-similar settings - the participants and the circumstances of the tour are specific to long-haul destinations. This study revealed that there were differences of expectations in the contact personnel in providing customer service as well as in the different perception of marketing strategies between the large and the small size T/As or the General T/As and the A-Type T/As. This study was conducted with one participant observation of a mid-size A-Type T/A with a long-haul destination. The researcher could not afford to conduct the participant observation in more package tours due to financial constrains and time limits. The operation of guided package tours of the General T/As and their component of customers are different from the A-Type T/As. The results of the participant observation cannot be compared with those of General T/As and other short-haul destinations.

2. This research looked at customer satisfaction and the performance of service providers, including the service performance of tour leaders. The study interviewed travel agency management and tour participants, but did not interview the tour leaders in Coach A and Coach B due to the covert participant observation and the confidentiality which was agreed by the collaborating travel agency. In addition, this study did not interview a sample of tour leaders. However, simply interviewing tour leaders does not necessarily gain an in-depth insight into their service performance - since their performance may not be the same as their opinions. In contrast, the on-tour observations of their performance were more practical. But, this would involve participating in many group tours, which is difficult to carry out due to time, money, and accessibility. The researcher realizes that without the contribution of data from tour leaders, the perceived picture regarding tour leaders' on-tour service performance is limited and should not be seen as the whole scenario of the performance of the tour leader. The researcher suggests a further study focusing on the service performance of tour leaders as well as their perceptions toward customer satisfaction in relation to travel agencies' policies.

3. Customers' satisfaction is to a certain degree related to the price they have paid. The tour the researcher participated in was considered relatively reasonable in terms of price in comparison with the current market. The findings from this study showed that the majority of tour participants were satisfied. Part of the reason was the price

they had paid and the attendance at a well-known special event in Venice. Since the research did not investigate the price paid by tour participants and their perceptions regarding value for money, the results of customer satisfaction and the perception of the good quality of the itinerary may be different if compared with either an up market or a budget tour.

8.8 End note

Does customer satisfaction really play a truly significant role? Which is more crucial - service quality or customer satisfaction - in terms of generating repeat business? This study triggered the researcher to think that focusing on service quality (reputation) may ultimately be more realistic than focusing on customer satisfaction. The delivery of customer satisfaction in Taiwan's travel industry seems to be not so effective as one would think. No wonder a few general T/As in Taiwan revealed that they are satisfied as long as no complaints are brought back. They considered that no news is good news. They were pessimistic about providing total satisfaction, and the results showed that the objective of satisfying all the customers in a fixed tour product is difficult to achieve. Customers' loyalty is not entirely dependent upon delivering a satisfactory experience on the tour, but on a combination of many other attributes. The long-term relationship between customers and travel agencies, in fact, is vulnerable and the success of the relationship cannot be achieved without a catalyst – the tour leader.

This study attempts to identify the influences on customer satisfaction when customers are taking a guided package tour. An understanding of the relationship between the guided package tour and the customer's overall satisfaction helps to advance the theory of satisfaction in the travel industry and provide operational knowledge in the travel business. The researcher hopes that practitioners in the travel industry can benefit from the findings of this study, and that it will help them to enhance their service delivery system.

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Appendix 4.1

Interview questions for participating travel agencies

Semi-structured Interview questions for management

Name:
Company
Date and Time of interview:
About the company:
History of the company:
About the products:
Employees:
Remarks:

1) Employees:

Q: What are the qualifications for new employees?

Q: What are your training schemes for new and existing employees?

Q: What does the company expect from service personnel in terms of client service?

2) The TD (tour leader):

Q: How does the company select and train the tour leader?

Q: What does the Company expect from the tour leader?

Q: How does the company know customers are satisfied or dissatisfied?

3) The tipping:

Q: What is your tipping policy for the tour leader?

4) Customers' relationship:

Q: How does the company develop the relationship/services with clients on pre-tour, on-tour, and post-tour?

   Prior-tour:
   On-tour:
   Post-tour:

5) Customer satisfaction:

Q: How does the company inform about customers' right:
   Contract –

Q: According to your past knowledge or experience, what is the important or most important factor that satisfies/dissatisfies customer?

Q: How does the company handle customers' complaints?

Appendix 4.2

Follow-up telephone interview questions for participating tour members

Follow-up telephone interviews

Date:
Time:
Interviewee:
Background:
Remarks:

* Why did you join this Italian tour?
Ans:

* What were your purposes or motivations?
Ans:

* What did you expect or want from this tour?
Ans:

* What did you think about the pre-tour service?
Ans:

* In general, were you dis/satisfied when you were on the tour to Italy? And why?
Ans:

* What was your opinion of the tour leader?
Ans:

* What were your opinions about tipping?
Ans:

* Would you join this company again? Why?
Ans:

* What was your most memorable event on this tour?
Ans:

* What were your opinions in general? What were your feelings about this tour?
Ans:

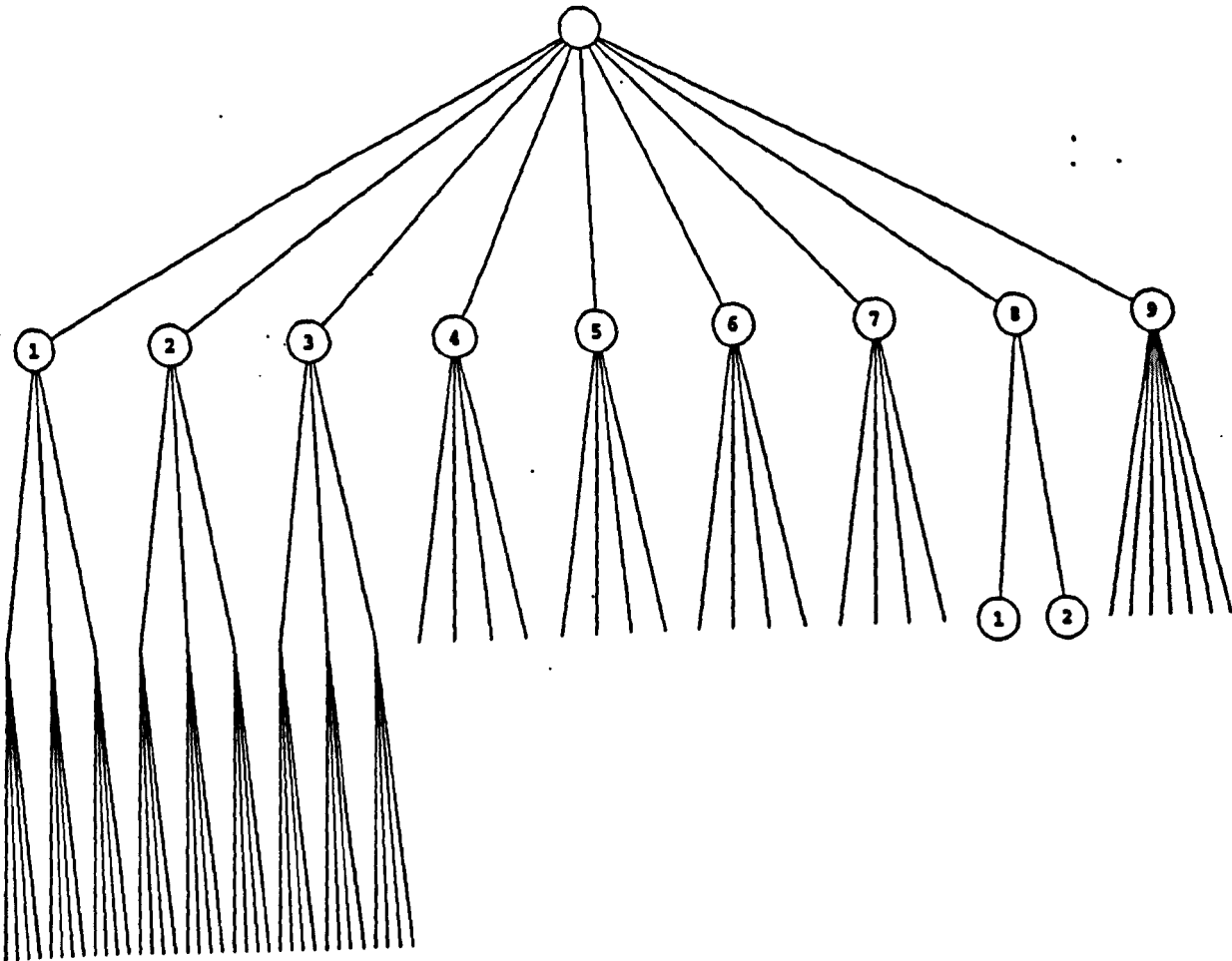# Appendix 4.3

Examples of Nud*ist analysis

Q.S.R. NUD.IST Power version, revision 4.0.
Licensee: Judie Gannon.

PROJECT: Questionnaire, User Ricky, 11:48 pm, Sept 6, 2002.

```
(1)                     /Sapespeople
(1 1)                   /Sapespeople/Service attitudes
(1 1 1)                 /Sapespeople/Service attitudes/Very satisfied
(1 1 2)                 /Sapespeople/Service attitudes/Satisfied
(1 1 3)                 /Sapespeople/Service attitudes/Acceptable
(1 1 4)                 /Sapespeople/Service attitudes/Unsatisfied
(1 2)                   /Sapespeople/Expertise
(1 2 1)                 /Sapespeople/Expertise/Very satisfied
(1 2 2)                 /Sapespeople/Expertise/Satisfied
(1 2 3)                 /Sapespeople/Expertise/Acceptable
(1 2 4)                 /Sapespeople/Expertise/Unsatisfied
(1 3)                   /Sapespeople/Efficiency in service
(1 3 1)                 /Sapespeople/Efficiency in service/Very satisfied
(1 3 2)                 /Sapespeople/Efficiency in service/Satisfied
(1 3 3)                 /Sapespeople/Efficiency in service/Acceptable
(1 3 4)                 /Sapespeople/Efficiency in service/Unsatisfied
(2)                     /Tour leader
(2 1)                   /Tour leader/Service attitude
(2 1 1)                 /Tour leader/Service attitude/Very satisfied
(2 1 2)                 /Tour leader/Service attitude/Satisfied
(2 1 3)                 /Tour leader/Service attitude/Acceptable
(2 1 4)                 /Tour leader/Service attitude/Unsatisfied
(2 2)                   /Tour leader/Expertise
(2 2 1)                 /Tour leader/Expertise/Very satisfied
(2 2 2)                 /Tour leader/Expertise/Satisfied
(2 2 3)                 /Tour leader/Expertise/Acceptable
(2 2 4)                 /Tour leader/Expertise/Unsatisfied
(2 3)                   /Tour leader/Interpretation skills
(2 3 1)                 /Tour leader/Interpretation skills/Very satisfied
(2 3 2)                 /Tour leader/Interpretation skills/Satisfied
(2 3 3)                 /Tour leader/Interpretation skills/Acceptable
(2 3 4)                 /Tour leader/Interpretation skills/Unsatisfied
(3)                     /The local gudies
(3 1)                   /The local gudies/Service attitude
(3 1 1)                 /The local gudies/Service attitude/Very satisfied
(3 1 2)                 /The local gudies/Service attitude/Satisfied
(3 1 3)                 /The local gudies/Service attitude/Acceptable
(3 1 4)                 /The local gudies/Service attitude/Unsatisfied
(3 2)                   /The local gudies/Expertise
(3 2 1)                 /The local gudies/Expertise/Very satisfied
(3 2 2)                 /The local gudies/Expertise/Satisfied
(3 2 3)                 /The local gudies/Expertise/Acceptable
(3 2 4)                 /The local gudies/Expertise/Unsatisfied
(3 3)                   /The local gudies/Interpretation skills
(3 3 1)                 /The local gudies/Interpretation skills/Very satisfied
(3 3 2)                 /The local gudies/Interpretation skills/Satisfied
(3 3 3)                 /The local gudies/Interpretation skills/Acceptable
(3 3 4)                 /The local gudies/Interpretation skills/Unsatisfied
(4)                     /Hotel service and facilities
(4 1)                   /Hotel service and facilities/Very satisfied
(4 2)                   /Hotel service and facilities/Satisfied
(4 3)                   /Hotel service and facilities/Acceptable
(4 4)                   /Hotel service and facilities/Unsatisfied
(5)                     /Arrangement of foods
(5 1)                   /Arrangement of foods/Very satisfied
(5 2)                   /Arrangement of foods/Satisfied
(5 3)                   /Arrangement of foods/Acceptable
(5 4)                   /Arrangement of foods/Unsatisfied
(6)                     /The coach
(6 1)                   /The coach/Very satisfied
(6 2)                   /The coach/Satisfied
(6 3)                   /The coach/Acceptable
(6 4)                   /The coach/Unsatisfied
(7)                     /The itinerary
(7 1)                   /The itinerary/Very satisfied
(7 2)                   /The itinerary/Satisfied
(7 3)                   /The itinerary/Acceptable
(7 4)                   /The itinerary/Unsatisfied
(8)                     /Recommend to frinds
(8 1)                   /Recommend to frinds/Yes
(8 2)                   /Recommend to frinds/No
(9)                     /Receive information
```

NUD.IST Power version, revision 4.0.
ee: Judie Gannon.

: interview-TA, User Ricky, 11:17 am, Apr 22, 2002.

....
:)   /Themes/Price/High price
efinition:
arges higher price of tours
+++++++++++++++++++++++++++++++++++
-LINE DOCUMENT: 01China.txt
cument Header:
ame: Thomas Chung, General Manager
any: China Travel Service (Taiwan), ASTA, IATA, PATA
and Time of interview: 2pm, 05 February, in his office
t the company: A Class Travel Agency, 4 branches
ory of the company: The oldest travel company in Taiwan
products: All kinds of products
oyees: 100 employees

etrieval for this document: 137 units out of 137, = 100%
its:1-137
+++++++++++++++++++++++++++++++++++++
-LINE DOCUMENT: 03Fantasy.txt
cument Header:
ame: Michael Chen, Senior Manager,
any: Fantasy Travel Service Co., LTD. (Fantasy Tours), IATA, TQAA,
and Time of interview: 11am, 06 February, in a meeting room
t the company: A Class Travel Agency; 7 branches.
ory of the company: 10 years history
t the products: sell higher price products
t the employees: with about 90 employees

etrieval for this document: 148 units out of 148, = 100%
its:1-148
+++++++++++++++++++++++++++++++++++++
-LINE DOCUMENT: 06Dragon.txt
cument Header:
ame: David Chao, Sales Manager
any: Dragon tour; IATA.
and Time of interview: 5pm, 07 Feb. in a coffee shop, quite noise
t the company: A Class travel agency (direct sale agent);10
hes
ory of the company: 42 years history
t the products: focuses on European tours; direct sale to the
er.
loyees: almost 200 employees.

etrieval for this document: 128 units out of 128, = 100%
its:1-128
+++++++++++++++++++++++++++++++++++++
-LINE DOCUMENT: 11Europa.txt
cument Header:
. Name: Crystal Tsao, manager
any: Europa Travel Service
and Time of interview: 16:00, 12 February, in meeting room
t the company: A Class Travel Agency, 2 branches,
ory of the company: 8 years;
t the products: based on Cruise lines and Northeast European
inations
loyees: about 60

etrieval for this document: 163 units out of 163, = 100%
its:1-163
+++++++++++++++++++++++++++++++++++++
-LINE DOCUMENT: 12Phoenix.txt
cument Header:
Name: Tom Liu, Assistant General Manager
any: Phoenix Tours; IATA, ISO 9001(quality assured firm)
and Time of interview: 10am, 13 February, in meeting room
t the company: General Travel Agency; 3 branches
ory of the company: Since 1959 - 40 years
t the products: mainly on long-haul destinations
loyees: 267

etrieval for this document: 222 units out of 222, = 100%
its:1-222

++
+++ ON-LINE DOCUMENT: DAY5
* No Header
++
[DAY5 : 46 - 46]
They took lots of photos and HH considered that participating the
carnival was once of lifetime experience, he was really happy with this
and said that the tour was worthy of joining.
...
[DAY5 : 63 - 63]
Many pictures were taken, the atmosphere was great, interactions were
good, and the harmony was formed.
...
[DAY5 : 70 - 71]
JW said that the cold temperature wouldn't reduce her excitement of
joining this great event.
She considered that the itinerary was good - first couple of days we had
seen many great churches, then we came to the water city of Venice for
carnival and then would see many beautiful churches again.

++
+++ ON-LINE DOCUMENT: DAY6
* No Header
++
[DAY6 : 53 - 53]
During the free time, I didn't go out but stayed in the rest area of the
tax-free shop chatting with Ms Chang, the oldest sister from Taichung.
...
[DAY6 : 62 - 62]
I travelled a lot and this was her first time coming to the Europe and
considered that the quality of the trip was good.

++
+++ ON-LINE DOCUMENT: DAY7
* No Header
++
[DAY7 : 117 - 118]
The hotel room wasn't so bad but not great either - a little old but all
right. I believed that most participants were happy with this change -
have more time to see around the city.
There was a complimentary fruit basket when we checked in to the hotel
room.

++
+++ ON-LINE DOCUMENT: DAY8
* No Header
++
[DAY8 : 30 - 30]
The introduction of the local tour guide about those paintings motivated
the participants and made them listened interestingly.

++
+++ ON-LINE DOCUMENT: DAY9
* No Header
++
[DAY9 : 65 - 67]
- She was impressed of the performance of David; she considered David,
the TD, was outstanding in interpretation.(Ms Chang)
- "I don't have a strong feeling of satisfaction or dissatisfaction
because it is important for you to make a adjustment of yourself during
the tour" she said.
- However, she mentioned that the travel partner is important regarding
the travel satisfaction. (Ms Chang)
...
[DAY9 : 84 - 85]
Watching and appreciating the paintings and listen the interpretation of
the TD were the most satisfactory things during the tour.
I don't like to sing songs on the coach, it is too noisy and I can't sing
also. (GW)
...
[DAY9 : 91 - 93]
The husband, GH, told me that he likes to paint and was very enjoy
watching all the beautiful paintings in Rome and considered that the arts
in Italy are extraordinary.
He wished he could come to Italy again for the arts.
He had asked a few questions from the local guide and bought three art
books during the city tour in the Rome.