Neapolis University

HEPHAESTUS Repository **http://hephaestus.nup.ac.cy**

Department of Economics and Business þÿ M a s t e r o f B u s i n e s s A d m i n i s t r a t i o n (œ ' ')

2020-10

Verifying Digital service excellence

Psomas, Marios

Business Administration Program, School of Economic Sciences and Business, Neapolis University Pafos

http://hdl.handle.net/11728/11635

Downloaded from HEPHAESTUS Repository, Neapolis University institutional repository

Verifying Digital service excellence

Through the evaluation of digital travel agent service quality using the servqual analysis and the relationship to satisfaction and loyalty

30/10/2020

University of Neapolis Paphos
Masters in Business Administration
MDIS600 – Dissertation

Student: Marios Psomas

Supervisor Professor: John Politis

Table of Contents

Chapter 1: Introduction 5
1.1 Background of the Research 5
1.2 Research Identity 5
1.2.1 Research Introduction 5
1.2.2 Introduction to Service Quality 6
1.2.3 The Travel Agencies and Services Industry 7
1.2.4 Research Origin and Foundation 7
1.3 Statement of Purpose 8
1.3.1 Thesis Study Report Objectives 8
1.3.2 Expected Outcome and Research Limitations 8
1.4 Research Approach Rationale 9
1.5 Structure of the Report 9
Chapter 2: Literature Review 10
2.1 Introduction 10
2.2 Services 10
2.2.1 Definition of Services 10
2.2.2 The Service Offer and Encounter 11
2.2.3 Service Characteristics 11
2.2.4 The Service Setting and the Change to a Digital Servicescape 12
2.3 Service Marketing 13
2.3.1 Marketing Definitions 13
2.3.2 Interactive Marketing 13
2.3.3. Relationship Marketing 14
2.3.4 Enabling the Interactive Experience through Digital Technologies 14
2.4 Quality 14
2.4.1 Quality Defined 14
2.4.2 TQM 15
2.4.3 Service Quality 16
2.5 Disconfirmation Approaches 16
2.5.1 SERVQUAL 16
2.5.2 GAP Analysis 19
2.6 Customer Satisfaction 20

2.6.1 Customer Satisfaction Defined 20
2.6.2 Determinants of Customer Satisfaction 21
2.7 Customer Loyalty 21
2.7.1 Customer Loyalty Defined 21
2.7.2 Determinants of Customer Loyalty 21
Chapter 3: Research Methodology 22
3.1 Introduction 22
3.2 Nature of the Research 23
3.3 Research Paradigm 24
3.4 Population and Sample Selected 25
3.5 Questionnaire Development 25
3.6 Methods of Distribution 26
3.7 Measures and Statistical Tools 26
3.8 Research Ethics 27
Chapter 4: Analysis and Findings 28
4.1 Survey Respondents 28
4.2 Descriptive Statistics 28
4.3 Inferential Statistics-correlation analysis 35
Chapter 5: Findings and Recommendations 36
Bibliography/References 39
Appendices 45
Appendix 1: Classification of continents based on international tourist arrivals, 2015. Source UNWTO 45
Appendix 2: The research questionnaire 46
Appendix 3: Internet Users and Penetration Worldwide, 2013-2018 50
Appendix 4: Device Ownership Survey 50
Appendix 5: Survey Participants Demographics Gender 51
Appendix 6: Survey Participants Demographics Age 51
Appendix 7: Survey Participants Demographics Type of Holiday 52
Appendix 8: Survey Participants Demographics Nationality 52

TABLE OF TABLES

TABLE 1 SERVICE QUALITY DEFINITIONS ..... **ERROR! BOOKMARK NOT DEFINED.**

TABLE 2 ANALYSIS OF THE SERVQUAL QUESTIONNAIRE 30

TABLE 3 SERVICE QUALITY DIMENSIONS AVERAGE AND GAP IDENTIFIED 33

TABLE 4 CUSTOMER SATISFACTION AND CUSTOMER LOYALTY 35

TABLE 5 CORRELATION ANALYSIS 36

TABLE OF FIGURES

FIGURE 1 DETERMINANTS OF PERCEIVED QUALITY 17

FIGURE 2 DEMING'S PDCA CYCLE 24

FIGURE 3 LIKERT-SCALE FOR QUESTIONNAIRE 27

FIGURE 4 AVERAGE QUESTIONNAIRE ANSWERS 31

Chapter 1: Introduction

1.1 Background of the Research

This report has been conducted for the purposes of the Dissertation course (MDIS600) of the Masters in Business Administration program in the Neapolis University of Paphos. The purpose of this course is for the learner student to take responsibility for the knowledge obtained throughout the MBA program and conduct a comprehensive research concerning a specific subject of interest derived from management science literature. In order for the research to conform to requirements, a comprehensive literature review needs to be produced, followed by the chosen method for undertaking the study analysis and the presentation of the findings in order to come to conclusions from the outcomes. The specific subject of interest chosen from the MBA course for the research is service quality, derived from the Marketing and Quality Management literature with the objective to identify quality performance of a digital travel agent service and the characteristics of digital service excellence.

This study asks the question of how consumer tourists evaluate digital service excellence of a travel agent. What are the features and core characteristics of digital travel agent service quality, and what consumers expect and what do they actually get from a digital travel agent service? How is customer satisfaction and loyalty related to the variables of digital service quality and how are those variables of tangibility, reliability, responsiveness, assurance, and empathy, expressed through the digital travel agent service? In order to answer the questions and come to conclusions, a comprehensive literature review on digital service quality is produced in order to acknowledge the service quality variables and formulate the hypothesis.

Linking Paragraph

1.2 Research Identity

1.2.1 Research Introduction

The dramatic changes in technology have changed service quality characteristics as we knew them. From “brick and mortar” services to digital services has been a sudden change in all service sectors environment, forcing consumers to change their expectations towards service quality and businesses to reevaluate customer perceptions of service quality. It is understandable that consumers will expect different service characteristics in regard to the service quality variables since the entire service setting has been altered. As a consequence, all service organizations are trying to identify consumer preferences in regard to service quality of a digital service. The objective of the study is to identify digital service quality characteristics

based on service marketing literature and assess those characteristics in regard to customer expectations versus perceptions using disconfirmation approaches. Establish the acknowledgment of relationships between digital service quality variables and customer satisfaction and loyalty through data collection and analysis.

This research is aimed for service sector businesses and more specifically the travel and tourism industry. This study will benefit digital travel agents who offer their services electronically through digital networks and who sell holiday packages to Cyprus tourists.

1.2.2 Introduction to Service Quality

Quality has a variety of definitions and clearly because quality is measured and expressed differently by different people and organizations, different societies and cultures, different products and services, and different theories and practices. To each consumer quality of a product or service differs due to their social and economic background and due to previous experiences of the same product or service. Business organizations have a different perspective of quality, either in regard to productivity, either profitability, either customer service. Societies and cultures all over the world perceive quality differently due to the standards of which they are facing. Even though quality is expressed and perceived differently by consumers and businesses, the underlying goal of a quality organization is to meet consumer expectations and satisfy customer needs. This is vital for quality businesses in all industries. The best way to identify quality is from the eyes of customers. Quality is best perceived from the eyes of customers due to the fact that they are the sole purpose of the business existence. As the great entrepreneur and founder of Wall Mart Inc., Sam Walton said “there is only one boss-the customer. And he can fire everybody in the company from the chairman down, simply by spending his money elsewhere” (Entrepreneur.com, 2015).

Profit in business comes from repeated customers, customers that boast about your product and service, and that bring friends with them (Deming 2015) Service quality and success lies in the perception of customers and therefore what customers perceive as quality, will expect that quality from an excellent service provider. Gronroos. C, (1984) defined service quality as the outcome of an evaluation process where the customer compares the expectations with the service he perceived he has received. Parasuraman et.al (1988) defined service quality as a form of attitude, related but not equivalent to satisfaction and results from a comparison of expectations and perceptions. Oliver (1993) stated that the customer’s perception of what service ought to be may differ from what they believe they will likely receive. Ideal expectations drive quality whereas desired expectations drive satisfaction.

1.2.3 The Travel Agencies and Services Industry

The travel and tourism industry is considered one of the world's largest industries and is the world's largest service sector industry. In Cyprus the economy is heavily reliant on the service sector and more importantly the travel and tourism industry. Europe has 51.4% of the world's market share with 581.8 million International Tourist arrivals and an average annual growth of 3.8% since 2005 (UNWTO, 2015:p.4) (Appendix 1). The industry focused on examining through this research study is the travel agencies and services industry. This industry consists of companies that arrange travel and traveler accommodations and includes tour operators, travel agents, and other travel services. Demand in this industry is highly dependent on the economy and profitability of companies depends on marketing. The services provided are airline, accommodation, and car hire bookings, as well as packages with tours, sightseeing, and leisure activities.

Large companies have an advantage in being able to provide a wider range of services, especially to corporate customers, and to afford sophisticated websites. Small companies can compete effectively by providing service to a few large customers, specializing in a service niche, or serving a local market. The industry is concentrated: the 50 largest companies account for about 60 percent of revenue. Domestic and international airline reservations account for about 20 percent of industry revenue, hotel reservations another 20 percent, packaged tours more than 10 percent, and tickets for cruise ships about 5 percent (Hoover's Inc., 2015). The travel and tourism industry is one of the world's biggest industries with a global economic contribution of almost seven trillion US dollars in 2013. A significant factor behind the resurgence in demand for agents is the very value proposition the web brings to so many commercial experiences: a surfeit of choice at the same time attracts and overwhelms the average person (Belsky, 2012).

The research topic has been chosen due to the increasing demand of consumers to conduct transactions and purchases through digital networks. Especially when it comes to holidaymakers, digital technologies have evolved into

1.2.4 Research Origin and Foundation

We have witnessed technology changing the business environment of most industries driven by the technology changes in consumer communication and networking. Business insider (Heggestuen 2013) states that 22% (1 out of 5 people) of the total world population own a smart phone. *The number of internet users worldwide will surpass 3 billion in 2015, according to new figures from eMarketer, increasing 6.2% next year to reach 42.4% of the entire world's population* (emarketer.com, 2014, Appendix 3). A survey of 170000 adult internet users has provided the acknowledgement that 80% of the online adults now own a smart phone, 47% a tablet and 91% own a PC (Lunden, 2015) (Appendix 4).

Technology has simplified consumer lives and has empowered consumers to communicate their demands through digital networks with their service providers and allowing them to access the service from anywhere, at any time. Now with this easiness of use and accessibility of information of consumers, the digital market is booming and thus most of the travel agent services are increasingly conducting their sales transactions on electronic markets and digital networks. The research topic has been originated by all the digital changes that we experience in today's world. Consumers have accepted these changes and have adapted the digital way of life in regards to their business transactions, but the main question is, how successfully businesses, and for the purpose of this study travel agents, have adapted to digital technologies and how do they perceive their digital performance in regards to the quality of service and establishing digital service excellence.

1.3 Statement of Purpose

1.3.1 Thesis Study Report Objectives

This report has an underlying objective to be a high-quality research report. In order to do so the report must conform to the requirements of the MBA program, must be fit to use for further research, and comply with university regulations in regard to referencing and content of the report. The great Steve Jobs, CEO of Apple Inc. and inspirational innovator in marketing stated that "people judge you by your performance, so focus on the outcome. Be a yardstick of quality. Some people aren't used to an environment where excellence is expected" (Hill, 2009). Based upon the above motivational statement, I have come to accordance to the fact that since this is a report focused on quality of digital services; the objective is to provide quality through the content, the design, and the outcome of the report. This means that the report will facilitate learning that provides even more questions for future research and provide to the reader sufficient information that will intrigue and satisfy their expectations.

1.3.2 Expected Outcome and Research Limitations

The expected outcome of the report is to acknowledge literature from articles, books, and previous research regarding service quality and provide a comprehensive overview of service quality definitions and characteristics. Recognize the significant changes happening in the travel agencies and services industry in regard to the move to a digital service setting. With the production of a questionnaire, designed for a digital travel agent service, to assess quality using disconfirmation approaches the SERVQUAL between customer expectations versus perceptions, the researcher will try to identify the GAP in service quality dimensions. Additional questions assessing customer satisfaction and loyalty are formulated and used to identify the correlation with the SERVQUAL variables used in the previous section of the questionnaire.

The limitations of the research consist of firstly the time constraints in regard to conducting the literature review research, finding a sufficient amount of respondents for the questionnaire, analyze the data and finish the report on time for submission. Secondly the respondent tourist' willingness to participate to the research questionnaire while on holiday might be difficult. Thirdly the respondent sample size may not provide an accurate image of digital travel agent service quality expectations and perceptions due to the small size of the sample.

1.4 Research Approach Rationale

The rationale behind the research approach is positivism. After collecting information through reliable resources regarding the thesis statement concerns, an individual research is conducted based on the literature review in order to analyze individually the subject and compare with previous research and thus making rational interpretations of the thesis questions. Since service quality is perceived by customers, it is only rational to conduct an individual research concerning customer expectations and perceptions of a digital travel agent service, evaluate customer satisfaction and customer loyalty, and identify the relationship between the service quality variables and customer satisfaction and loyalty in a digital service quality performance.

1.5 Structure of the Report

The dissertation report is structured by five chapters including the Introduction chapter, which opens the curtains to the project as the first chapter of the research introduces the research identity, the background of the research, the statement of purpose, the research approach rationale and the structure of the report. Chapter 2 consists of the literature review of previous scientific research and theories that defines services, service marketing, service quality dimensions, disconfirmation approaches, customer satisfaction and customer loyalty, and formulate the hypothesis. Chapter 3 the research methodology defines the nature of the research, the research paradigm, the population sample, the questionnaire development, the method of distribution and the measures and statistical tools used, and the research ethics. Chapter 4 the analysis and findings, consists of the data collected from the questionnaire responses to analyze the service quality of the selected digital travel agents and examine the relationship between the service quality variables used in the SERVQUAL questions with the questions on customer satisfaction or customer loyalty. Chapter 5 refers to the findings from the questionnaire data analysis and provides recommendations to digital travel agents for service quality improvements, and finally providing conclusions and suggestions for future research.

Chapter 2: Literature Review

2.1 Introduction

One if the chief trends in our modern economy in the past two decades has been the dramatic growth of services. In the big European countries, America and Japan, more people are employed in services than in all other sectors of the economy put together (Kotler.P et al, 1996). There is little doubt that the service sector has become a dominant force in many national economies. There appears to be a close correlation between level of economic development in an economy (as expressed by its GDP per capita) and the strength of its service sector (Palmer.A, 2005).

The literature review chapter will introduce the theories and best practices of service quality and formulate the hypothesis in the process. The chapter outlines seven sections that comprise the thesis statement literature review. The first section is the introductory section providing an opening for the literature review. The second section refers to services, providing definitions and an overview of the service offer and encounter and the service characteristics, as well as the service setting and the change to a digital servicescape. Section three of the literature review chapter refers to service marketing, providing definitions and an overview of interactive marketing and relationship marketing and the service focus on individualization and personalization which is enabled through digital technologies. The fourth section refers to quality, defining quality, service quality and quality management. Section five refers to the disconfirmation approaches used in the questionnaire, defining the SERVQUAL model and its dimensions and the use of the GAP analysis with the model. In this section the hypothesis in which is tested in the research is formulated and stated. Section six defines and analyses the determinants of customer satisfaction and section seven does the same for customer loyalty.

2.2 Services

2.2.1 Definition of Services

A common understanding of what services are is that they are activities and processes applied for the benefit of an entity. Services are originally intangible and relatively quickly perishable activities whose buying, which does not always lead to a material possession, takes place in an interactive process aimed at creating customer satisfaction (Kasper.H, Van Helsdingen.P & Gabbot.M, 2006). Rathmell (1966) defined a service as a deed, a performance, an effort. Services are distinguishable from several characteristics and the most recognizable of these is the intangibility of services. Services are also produced and consumed simultaneously, lack of standardization, and are perishable (Fisk.R, Grove.S & John.J, 2004).

A service is an activity or benefit that one party can offer to another which is essentially intangible and does not result in the ownership of anything (Kotler.P et al, 1996). In some instances, companies deliver services to consumers (B2C services), in other instances businesses deliver services to businesses (B2B services). Nevertheless, in all instances delivering excellent service quality and creating value for the customer is the cornerstone of success (Kasper.H, Van Helsdingen.P & Gabbot.M, 2006).

2.2.2 The Service Offer and Encounter

The central aspect of any service experience is the service encounter. The service encounter is the period of time during which the customer directly interacts with some aspect of the service organization, often in a marketer-controlled environment (Fisk.R, Grove.S & John.J, 2004). Services provide benefits and the customer experience to receive the desired benefits (outcomes) takes place during a process of interaction, which is referred to as the service encounter. The service encounter is where the customer and service provider meet and both contribute to the production of the service (Kasper.H, Van Helsdingen.P & Gabbot.M, 2006).

2.2.3 Service Characteristics

A company must consider five main service characteristics when designing marketing programmes: intangibility, inseparability, variability, perishability, and lack of ownership (Kotler.P et al, 1996). Services often defined based on the most obvious feature of intangibility. The customer cannot purchase physical ownership of an experience, time, or a process. This intangible nature prevents customers from examining services before their actual enactment (Fisk.R, Grove.S & John.J, 2004).

The consumption of a service is said to be in an inseparable from its means of production. Producer and consumer must interact in order for the benefits of the service to be realised. Inseparability occurs whether the producer is human or machine (Palmer.A, 2005). Variability or otherwise call heterogeneity is a given in all service situations, even when companies try to standardize their service operations through the use of manuals and employee training. Automation and reducing the role of people in these processes cannot completely reduce the impact of people on service quality (Kasper.H, van Helsdingen.P & Gabbot.M, 2006).

Services are manufactured at the same time as they are consumed. Perishability thus means that a service cannot be manufactured and stored either before or after the experience. Manufacture and consumption are simultaneous. The concept of perishability means that a range of marketing strategies is needed to try even out demand and bring capacity handling into line with it (Brassington, F. and Pettitt, S., 2003).

Service products lack the quality of ownership. The service consumer often has access to the service for a limited time. Because of the lack of ownership service

providers must make a special effort to reinforce their brand identity and affinity with the consumer (Kotler.P et al, 1996).

2.2.4 The Service Setting and the Change to a Digital Servicescape

During the past three decades researchers have recognised the influence of atmospherics as tangible cues in consumer evaluations of service quality and repeat purchases in a variety of service settings (Andersson.P, 2012). A service setting, sometimes called as servicescape, includes all aspects of the physical environment in which the service provider and customer interact (Fisk.R, Grove.S & John.J, 2004). The concept of servicescape was developed to emphasize the impact of the environment in which a service process takes place. A servicescape is defined as the environment in which the service is assembled and in which seller and customer interact, combined with tangible commodities that facilitate performance or communication of the service (Palmer.A, 2005).

The effect of atmospherics, or physical design and decor elements, on consumers and workers is recognised by managers and mentioned in virtually all marketing, retailing and organisational behaviour texts. Researchers believe that the physical setting may also influence the customer's ultimate satisfaction with the service (Bitner.M, 1992). In service settings, services are produced and consumed simultaneously. The tourist thus participates in the production process and interacts with the environment. The environment is therefore viewed as an important part of the physical evidence of the service encounter (Cornelius. H, et.al, 2009).

The cyberspace setting is any website on the internet. It is subject to all of the principles and concepts used in a conventional service environment. The atmospherics of the website should be functional and aesthetically appealing. The site should incorporate the appropriate approach-avoidance features that encourage customers to spend more time shopping at the site (Fisk.R, Grove.S & John.J, 2004). The internet experience for a customer seldom has queues or overcrowding, which is a most obvious gain in the new virtual environment. This overcomes one of the major service complaints inherent in "brick and mortal" settings. Web space can be designed as a series of "billboards" but also as a virtual place, in which the digital service experience seems set to become more interactive and more social, involving the co-creation of value in new ways (Ballantyne.D and Nilsson.E, 2014).

The atmospherics of a website facilitate customer purchase experiences and are likely to influence customer feelings toward an organisation. When sales or service encounters occur through the website, the e-servicescape may become particularly critical because it is the key factor representing the organisation to customers. Aesthetics aspects are influential to customer feelings of pleasantness, satisfaction, and approach to service interactions. Intangible benefits of interactions with the website as offerings of the cyberspace, such as saved time, conveninence, and a reduced risk of customer dissatisfaction due to adequately provided information. The

internet minimizes the risk of customer's postpurchase dissatisfaction, since it enables customers to enhance their own search and evaluation capabilities (Myunghee.J and Miyoung.J, 2009).

2.3 Service Marketing

2.3.1 Marketing Definitions

A definition of marketing is provided by the Chartered Institute of Marketing: The management process which identifies, anticipates and supplies customer requirements efficiently and profitably (Palmer.A, 2005). Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its shareholders (Kasper.H, Van Helsdingen.P & Gabbot.M, 2006).

Marketing means working with markets to bring about exchanges for the purpose of satisfying human needs and wants. Thus we return to our definition of marketing as a process by which individuals and groups obtain what they need and want by creating and exchanging products and value with others (Kotler.P et al, 1996).

It was really until the 1960s and 1970s that marketing generally moved to become a more comprehensive and integrated field, earning its place as a major influence on corporate strategy. This meant that organizations began to move away from a 'sell what we can make' type of thinking, in which marketing was a best peripheral activity, towards a 'find out what the customer wants and then we'll make it' type of market driven philosophy. (Brassington, F. and Pettitt, S., 2003). For services, marketing becomes a means of facilitating complex producer-consumer interaction, rather than being merely an exchange medium (Palmer.A, 2005).

2.3.2 Interactive Marketing

Interactive marketing means that the perceived service quality depends heavily on the quality of the buyer-seller interaction during the service encounter. In services of marketing, service quality depends on both the service deliverer and the quality of the delivery (Kotler.P,Bowen.J, and Makens.J, 2010). Central to the delivery of any service product is the service encounter between the provider and the customer. This is also known as interactive marketing. This aspect of services is an important determinant of quality because it brings together all the elements of the services marketing mix and is the point at which the product itself is created and delivered. The challenge of the service marketer is to bring quality, customer service and marketing together to build and maintain customer satisfaction (Brassington.F, and Pettitt.S, 2003).

2.3.3. Relationship Marketing

Conceptually relationship marketing has been positioned variously between being a set of marketing tactics, in which any interaction between buyers and seller is described as a relationship, and a fundamental marketing philosophy which goes to the core of the marketing concept through its customer lifetime focus (Palmer.A, 2005). Creating, developing and maintaining excellent relationships is one of the key assets, capabilities or success factors of market oriented service firms. The key for effective relationship marketing management is an understanding of the customer's value creation process and the strength of the relationship. This requires appropriate information. Many service organisation are lucky that they possess large data bases with the history of their clients (Kasper.H, van Helsdingen.P & Gabbot.M, 2006).

Increasingly marketing is moving away from a focus on individual transactions and towards a focus on building value-laden relationships and marketing networks. Relationship marketing is oriented more towards the long-term. The goal is to deliver long-term value to customers and the measure of success is customer satisfaction. It involves building relationships at many levels resulting to customer loyalty (Kotler.P et al, 1996).

2.3.4 Enabling the Interactive Experience through Digital Technologies

Today, thanks to a wealth of new digital technologies, direct marketers can reach and interact with consumers just about anywhere, at anytime, about almost anything. With more than 230 million Americans now subscribing to wireless services, many marketers view mobile phones as the next big direct marketing medium (Kotler.P,Bowen.J, and Makens.J, 2010). The end of the twentieth century saw the arrival of a fully interactive stage in which customers can interact directly with the marketer. The internet provides the best example of this interaction. Notably, in this stage customers also can achieve a high-bandwidth communications connection with one another. This change has significantly altered the nature of word-of-mouth communications (Fisk.R, Grove.S & John.J, 2004). The use of digital channels to strengthen customer loyalty has received surprisingly little attention, despite the obvious opportunities for using these channels to keep in touch and serve customers cost-effectively. It seems like the concept of "digital marketing" has been used more operationally, while the theoretical understanding and comprehensive models of how and why to use different channels are still developing (Merisavo.M, 2006).

2.4 Quality

2.4.1 Quality Defined

When the expression "quality" is used, we usually think in terms of an excellent product or service that fulfills or exceeds our expectations. These expectations are

based on the intended use and the selling price. A more definite definition of quality is given in ISO 9000: 2000. It is defined as the degree to which a set of inherent characteristics fulfills requirements (Besterfield et al.,2003). Quality is defined by Oxford Dictionaries as the standard of something measured against other things of similar kind; the degree of excellence of something (Oxforddictionaries.com, 2015). Consumer definition of quality is measured from their satisfaction or dissatisfaction, their gains or losses, their perceived value, their loyalty and retention, their positive referral and the relationship built with the business.

Quality has been variously defined as 'fitness to use', 'conformance to requirements', and 'freedom from variation'. America Society for Quality Control defines quality as the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs. This is clearly a customer-centred definition of quality. It suggests that a company has delivered quality whenever its product and service meet or exceed customer needs, requirements and expectations. A company that satisfies most of its customers' needs most of the time is a quality company (Kotler.P et al, 1996).

Customers will always look for quality. Quality is one of the main drivers of customer satisfaction. Therefore quality is a natural pursuit for any organisation seeking a source of competitive advantage (Kasper.H, van Helsdingen.P & Gabbot.M, 2006).

2.4.2 TQM

TQM can be defined as a way of life for an organisation as a whole, committed to total customer satisfaction through continuous process of improvement, and the contribution and involvement of people. A major influence on the establishment and development of TQM was the work of Deming who emphasised the importance of visionary leadership and the responsibility of top management for initiating change (Mullins.L, 2005).

TQM is a culture maintained by an organization that is committed to customer's satisfaction through continuous improvement based upon meeting or exceeding their customer's expectations. Creating better planning, better external and internal focus, better design, strengthening weak processes and protecting strong areas, which give organisations an edge over their competitors, is being achieved through total quality management (Montasser, 2013).

In service oriented organizations, quality management results in improved customer service, which offers organizations two benefits: a higher customer retention rate, because existing customers are highly satisfied and are inclined to come back, and an ability to attract new customers through word of mouth and the opportunities to reposition themselves by advertising quality of service (Patiar, Davidson & Wang, 2012).

2.4.3 Service Quality

Service quality from a provider's perspective means the degree to which the service's features conform to organization specifications and requirements; from the customers perspective it means how well the service meets or exceeds expectations (Fisk.R, Grove.S & John.J, 2004).

Service quality has taken on an increasing importance both domestically and internationally, especially in a business and economic environment which includes tremendous competition. Service quality is a very important factor for achieving competitive advantage and efficiency, but imprecise standards and fluctuating demand complicate the task of defining, delivering, and measuring service quality (Lin et al, 2010)

Perceived service quality has proved among the most important yet debatable, constructs in recent marketing literature. It has been shown to be an input to both customer satisfaction and value, which in turn have a direct impact on customer loyalty to the service organization. Simply stated, perceived service quality reflects how well the service delivery matches or exceeds a customer's expectations (Laroche et al., 2003).

2.5 Disconfirmation Approaches

By this approach, a service is deemed to be of high quality when customers' expectations are confirmed by subsequent service delivery. Because of the emphasis on differences between expectations and perceptions, this type of model is often referred to as a disconfirmation model (Palmer.A, 2005). Clearly the Disconfirmation approach is a very powerful one for the service managers because it provides a customer referenced method for assessing something which is innately difficult to assess. Disconfirmation has had a huge impact upon service quality and has been subject to a series of refinements (Kasper.H, van Helsdingen.P & Gabbot.M, 2006).

2.5.1 SERVQUAL

Berry, Parasuraman and Zeithaml developed an instrument for measuring customers' perception of service quality compared to their expectations. Their findings have evolved from a set of qualitative marketing research procedures culminating in the quantitative technique of measuring service quality which is known as SERVQUAL. The SERVQUAL model has been widely applied. The SERVQUAL technique can be used by companies to better understand the expectations and perceptions of their customers. It is applicable across a broad range of services industries and can easily be modified to take account of the specific requirements of a company. In effect it provides a skeleton for an investigatory instrument which can be adapted or added as needed (Palmer.A, 2005). The SERVQUAL approach to service quality engineered the most profound shift in our understanding of both

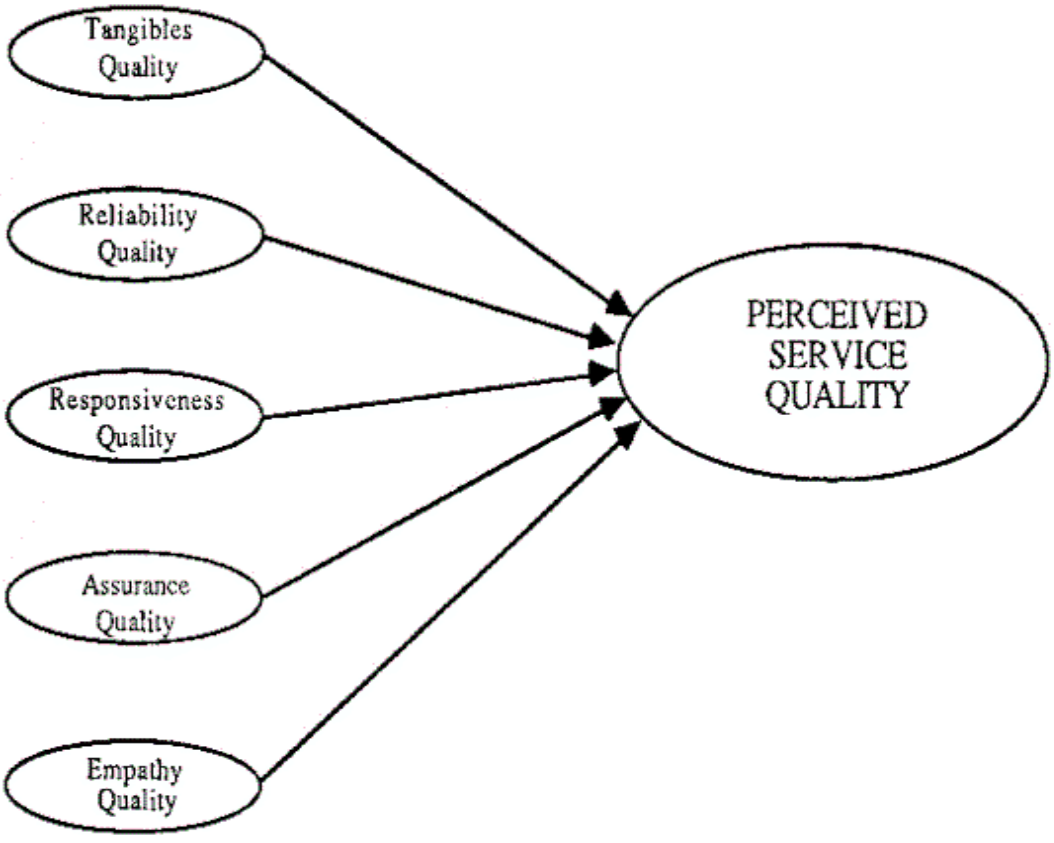
consumer and organizational responses to the problem of managing service quality (Kasper.H, van Helsdingen.P & Gabbot.M, 2006).

The SERVQUAL model has been used to assess quality in many types of service situations; some scholars believe that its adaptability is its main strength, provided that a generic base adequate to measure process and industry specific outcomes can be added (Laroche.M et al, 2004). Measures of service can be derived quite simply by subtracting expectation scores from perception scores. These scores can be weighted to reflect the relative importance of each aspect of service quality. An organisation or industry group can use the information collected in this way to improve its position by acting upon the results and seeking to surpass customer expectations on a continuous basis. Additionally the expectations-perceptions results along with the demographic data, may facilitate effective marketing segmentation (Palmer.A, 2005).

The SERVQUAL analyses five dimensions, also called as the RATER dimensions are reliability, assurance, tangibles, empathy, and responsiveness (Panda.T and Das.S, 2014).

Figure 1 Determinants of Perceived Quality

FIGURE 1
THE PARSURAMAN, ZEITHAML, AND BERRY (1988) THEORY OF THE DETERMINANTS OF PERCEIVED QUALITY



Reliability refers to the ability of a service provider to provide the given service in a dependable and accurate way.

a) H_0: There is no positive association between reliability such as just in time service and Customer Satisfaction in a digital travel agent service.
H_1: There is positive association between reliability such as just in time service and Customer Satisfaction in a digital travel agent service.

b) H_0: There is no positive association between reliability and Customer Loyalty in a digital travel agent service.
H_1: There is positive association between reliability and Customer Loyalty in a digital travel agent service.

Assurance refers to the ability of the employees to command trust and confidence from the customers based on their knowledge in the area in which the service is being provided.

c) H_0: There is no positive association between assurance and Customer Satisfaction in a digital travel agent service.
H_1: There is positive association between assurance Customer Satisfaction in a digital travel agent service.

d) H_0: There is no positive association between assurance and Customer Loyalty in a digital travel agent service.
H_1: There is positive association between assurance and Customer Loyalty in a digital travel agent service.

Tangibles include the physical facilities, equipment and the appearance of the personnel.

e) H_0: There is no positive association between tangibles and Customer Satisfaction in a digital travel agent service.
H_1: There is positive association between tangibles and Customer Satisfaction in a digital travel agent service.

f) H_0: There is no positive association between tangibles such and Customer Loyalty in a digital travel agent service.
H_1: There is positive association between tangibles such and Customer Loyalty in a digital travel agent service.

Empathy is the caring and loving attitude of the workers towards the client.

g) H_0: There is no positive association between Empathy and Customer Satisfaction in a digital travel agent service.
H_1: There is positive association between Empathy and Customer Satisfaction in a digital travel agent service.

h) H_0: There is no positive association between Empathy and Customer Loyalty in a digital travel agent service.
H_1: There is positive association between Empathy and Customer Loyalty in a digital travel agent service.

Responsiveness is the will and the promptness with which a service provider provides the service.

i) H_0: There is no positive association between Responsiveness and Customer Loyalty in a digital travel agent service.
H_1: There is positive association between Responsiveness and Customer Loyalty in a digital travel agent service.

j) H_0: There is no positive association between Responsiveness and Customer Loyalty in a digital travel agent service.
H_1: There is positive association between Responsiveness and Customer Loyalty in a digital travel agent service.

2.5.2 GAP Analysis

Simply stated perceived service quality reflects how well the service delivery matches or exceeds customer's expectations. Much research has focused on how service quality perceptions should be measured. Applying gap analysis to the area of services and deriving the idea of perception gaps, or gaps that occur between the service firm's perceptions of quality provided and the customer's perception of quality received. This gap model is based on the disconfirmation paradigm that was originally used in the product literature and that resulted in the well-known, highly debated SERVQUAL model (Laroche.M et al, 2004).

The SERVQUAL methodology identifies five gaps where there may be a shortfall between expectations and perceptions of actual service delivery.

- Gap 1: *Gap between consumer expectations and management perception*. Management may think that they know what consumers want and proceed to deliver this, when in fact consumers may expect something quite different.
- Gap 2: *Gap between management perception and service quality specification.* Management may not set quality specifications or may not set them clearly. Alternatively management may set clear quality specifications but these may not be achievable.
- Gap 3: *Gap between service quality and service delivery.* Unforeseen problems or poor management can lead to a service provider failing to meet service quality specifications. This may be due to human error but also mechanical breakdown of facilitating or support goods.

- Gap 4: *Gap between service delivery and external communications.* There may be dissatisfaction with a service due to the excessively heightened expectations developed through the service provider's communication efforts. Dissatisfaction occurs where actual delivery does not live up to expectations held out in a company's communications. (Palmer.A, 2005).

2.6 Customer Satisfaction

2.6.1 Customer Satisfaction Defined

The most important asset of any organization is its customers. An organisation's success depends on how many customers it has, how much they buy, and how often they buy. Customers that are satisfied will increase in number, buy more, and buy more frequently. customer satisfaction, not increasing profits, must be the primary goal of the organization. It is the most important consideration, because satisfied customers will lead to increased profits (Besterfield.D et al, 2003).

Customer satisfaction is the paramount marketing outcome; it is a function of the expectations that the consumer brings to the service encounter and of his or her subsequent evaluations of service quality. Satisfactions levels are a convenient means for identifying and segmenting consumers in markets given that repeat purchases, rather than trial purchases, dominate sales of existing services (Laroche.M et al, 2004). Customer satisfaction is an emotional response to the use of a product or service. In other words, service satisfaction is a function of consumer experiences and reactions to a provider's behavior during the service encounter period. Moreover it is also a function of the informative service setting (Lin.S et al, 2010).

Overall customer satisfaction is a function of satisfaction with service attributes. The importance of each attribute is defined by the degree to which changes in attribute performance are accompanied by changes in overall satisfaction (Anderson.S, Baggett.S, and Widener.S, 2009).

Satisfaction results when customers either pre-purchase expectations for a purchased service or positivel disconfirm (exceed) expectations regarding purchased services. The concept customer satisfaction can also be viewed as the buyer's cognitive state of being adequately or inadequately rewarded for the sacrifices he or she has undergone. This definition stresses the concept of value, as well as the realization that customer's expectations and their subsequent satisfaction evaluation may depend on the sacrifices undergone or alternatively price paid customer satisfaction is a psychological concept that involves the feeling of well-being and pleasure that results from obtaining what one hopes for and expects from an appealing service (Torres.E, 2014).

2.6.2 Determinants of Customer Satisfaction

The dynamics of consumer satisfaction with products, and more recently services, have been the focus of much customer research. Market-sensitive companies also have concentrated on isolating service attributes and benefits to increase consumer satisfaction and ultimately, to maintain and augment sales. Recently, the changing social environment has stimulated a broader definition of satisfaction, including the relationship between life satisfaction and the more familiar concepts of services satisfaction (Sherman.E and Cooper.P, 1988).

Satisfaction consists of an emotional response in which customers compare the result to their expectations prior to purchase or consumption and is also a cumulative measure that results from all the customer's prior experiences with a product or service (Hoyt.J and Howell.S, 2011).

Culture is considered to be influential on customers' evaluation patterns. Consequently, the cultural background of tourists is expected to influence their satisfaction with the service delivered (Chen.R and Ayeh.J, 2011). Entrepreneurs will have to stage their service products in order to create experiences and emotions that influence the perception of quality in a positive way and thus create customer satisfaction (Brunner-Sperdin.A and Peters.M, 2009)

2.7 Customer Loyalty

2.7.1 Customer Loyalty Defined

Generally speaking, customer loyalty may be defined as an attitude toward the loyalty object or as repeat patronage behavior; also the definition may combine attitude and behavior in an additive or an interactive expression. Like any interpersonal relationship, a customer-oriented business relationship is dependent on trust. Trust is rooted in the customer's belief that a business is responsive to their needs and problems and accessible when they need help; it keeps customers satisfied on core business attributes and help a business increase customer loyalty (Lin.S et al, 2010). The value customer place on one product compared to another may be a better indicator of customer loyalty. Customer loyalty can be sustained only by maintaining a favorable comparison when compared with competitors (Besterfield.D et al, 2003).

2.7.2 Determinants of Customer Loyalty

Customer delight creates an emotional affinity for a product or service not just a rational preference, and this creates high customer loyalty (Kotler.P et al, 1996). Profit and growth are stimulated primarily by customer loyalty. Loyalty is a direct result of customer satisfaction. Satisfaction is largely influenced by the value of services provided to customers. Managers in the service industry ought to concentrate not only on financial measures, but rather pursue investments in people

and technology, which support the service delivery, and in turn lead to satisfaction and loyalty (Torres.E, 2014).The predicted variables of customer loyalty identified in the business literature are at times specific to the particular product or service. It is evident that models of customer loyalty are still emerging and will eventually comprise a number of factors defined by customer, product, and/or service attributes (Hoyt.J and Howell.S, 2011).

Managers should focus on having consumers evaluate and elaborate their choices to become truly loyal. That will enhance the fact that service quality leads to service loyalty while the relationship is mediated by service satisfaction. Moreover the impact of trust, bonds, switching barriers, involvement, etc, has to be included to get an even better understanding of the relevant processes underlying these relationships in B2C as well as in B2B situations (Kasper.H, van Helsdingen.P & Gabbot.M, 2006). What is certain is that brand loyalty can be a fragile thing, and is under increasing threat. This is partly as a result of the greater number of alternative brands available and incentives or promotions designed by competitors to undermine customer loyalty (Brassington, F. and Pettitt, S., 2003). By creating superior customer value, the firm creates highly satisfied customers who stay loyal and buy more. This in turn, means greater long-term returns for the firm. Retaining customers has a big payoff for a business. According to one report, increasing repeat customers by only 5 percent can result in an increase in profits of 25 to 85 percent.the value of loyal customers is now being captured through customer equity (Kotler.P,Bowen.J, and Makens.J, 2010). In many markets, some segments are likely to purchase repetitively out of inertia or lack of awareness of the alternatives available. The loyalty of customers who are influenced by such inertia is likely to be different to that of customer who strongly advocates a product and feels emotionally attached to it. Becoming an advocate of a company is the peak of a ladder of loyalty (Palmer.A, 2005).

Chapter 3: Research Methodology

3.1 Introduction

The research methodology chapter is the most vital part of the research project, due to the fact that it provides to the reader the ability to relate to the process used to collect information of literature and data and acknowledge the context of the research as well as the endeavor to answer the thesis questions. One of the fathers of modern quality theories, W. Edwards Deming, stated that “if you can’t describe what you are doing as a process, you do not know what you are doing”.

Therefore, this chapter describes the process of the research report and at the same time provides the acknowledgements regarding the methods used to formulate, research, and analyze the thesis statement. Feedback information from customers has been one of the most highly used methods to improve service excellence. With

the emergence of the electronic market and the digital era, businesses in most industries all over the world have been enabled to access unlimited information of consumer preferences, trends, and other indicators that will help business improve their customer satisfaction and loyalty. The chapter consists regarding the nature of the research, the research paradigm, the population and sample chosen, the development of the questionnaire, the method distribution used, the measures and statistical tools, and the research ethics.

3.2 Nature of the Research

The strict definition of scientific research is performing a methodical study in order to prove a hypothesis or answer a specific question. Scientific research must be organized and undergo planning, including performing literature reviews of past research and evaluating what questions need to be answered. Any type of 'real' research, whether scientific, economic or historical, requires some kind of interpretation and an opinion from the researcher. This opinion is the underlying principle, or question, that establishes the nature and type of experiment (Shuttleworth, 2008).

The hypothesis needed to prove in this research study is the relationship of each service quality dimension in question with customer satisfaction and customer loyalty. Questions in need of answering in the research were derived from what is service quality, how is it defined and evaluated, what are the dimensions that consist service quality and how do consumers view service quality in regards to a digital travel agent service. What is customer satisfaction and loyalty, its importance to business profitability and service quality?

Market research is the voice of the consumer. It is vital to industry, commerce and government. It is the means by which ordinary people can influence the development and marketing of goods and services and the formulation of social policy. Using a variety of techniques, most familiarly face-to-face an d telephone interviewing and group discussions, market research provides information on people's preferences, attitudes, likes, and needs to help companies understand what consumer want (Curvin.J and Slater.R, 1996). This research is both a market research and a quality control research since quality criteria are defined and examined in regards to the digital travel agent service meeting requirements of customers and at the same time hearing the voice of consumers.

Conducting this research, a series of stages needed to be completed in order to achieve the right conclusions regarding the thesis statement. The main objective of the research was continual improvement throughout the process of the study in regards to the acknowledgements and learning, building research skills and expertise, and the report development. The Deming cycle was used as a guideline of the process (Figure 3) undertaken to complete the research report. After deciding to research digital service quality, the first stage was exploring and identifying the

questions and problems concerning the subject and then formulating a plan and set objectives to be met in order to answer the questions and solve the problems faced. When formulating the plan, the literature review was conducted and the hypothesis formulated, and the questionnaire was designed to conduct the individual research. The second stage was where the questionnaire was completed and data processed in order to conduct the statistical analysis. The third stage was where the data and literature was checked and assumptions and conclusions were made in order to complete the final stage of action. The final stage of action was where all the research information was placed in the report and structured the individual report study prior to submission. The same process will be undertaken in the case of future expansion of the research in order to continually improve the research and deliver excellence.

Figure 2 Deming's PDCA Cycle

3.3 Research Paradigm

This study's research paradigm is based on the principles of "positivism". The research observes and identifies evidence in reference to the thesis statement, collected through various sources, and provides an unbiased and objective interpretation with an emphasis on a highly structured methodology that facilitates learning and development. In order to ensure validity, information and data collected should be reliable in order to formulate an objective experimental study and provide acknowledgments regarding the subject in hand. In order to do so, information is collected regarding service quality, customer satisfaction, and customer loyalty

characteristics and used to conduct the questionnaire to meet research requirements. Statistical tools and techniques are used in the process of identifying and analyzing the questionnaire data.

3.4 Population and Sample Selected

The population for this study consisted of tourists visiting Cyprus that have booked through a digital travel agent service. A sample of 200 tourists was targeted and had a 50% response rate. The tourists were derived by both men and women of all adult ages, travelling either single or couple or family or as a group, and mostly from the European countries. The researcher was given permission to access customer information from lowcostholidays.com, hotels4u.com, and booking.com, which are travel agents working strictly through electronic and digital networks, and from Kefalos hotels that accommodates the travel agents' bookings. The target audience that participated in the questionnaire research was staying at Kefalos Damon and at Kefalos Beach and was approached with a hard copy questionnaire during their stay in the hotel.

3.5 Questionnaire Development

The questionnaire consisted of a total of 60 questions divided into 5 sections: the first section (Section A – 4 questions) was regarding the demographic characteristics, the second (Section B-18 questions) concentrated on the expectations of customers regarding service quality, the third section (Section C- 18 questions) focused on the perceptions of customers regarding the actual service quality, the fourth section (Section D – 10 questions) was interested in customer's satisfaction of the digital travel agent service, and the fifth section (Section E – 10 questions) had as a focal point customer loyalty. Section A, the demographics section, consisted of questions regarding customer gender, age, type of holiday, and nationality. Section B and Section C was the customized SERVQUAL questionnaire, or for the research case the digital SERVQUAL.

Both sections where based upon 18 item questionnaires focused on the RATER dimensions of service quality referred to in Chapter 2, the literature review. Section B was researching customer expectation and Section C customer perception. The first five questions (Question 1 to Question 5) were used to assess appearance and physical elements, the tangibility dimension. The questions covering the tangibles dimension were in regard to modern designs and features, visually appealing digital site, easy access and the right amount of data, rendering 3D content physically, and easy to use layout. The following four questions (Question 6 to Question 9), were used to assess dependability and accurate performance, the dimension of reliability. The questions asked concerning the reliability dimension were in regard to promises of on time delivery, the genuine interest of solving any customer issues, performing the service right the first time, and insisting on an error-free service. Question 10 and

Question 11 were assessing promptness and helpfulness of staff, the dimension of responsiveness. The questions were in regards to the prompt service and responding to customers at a sufficient time frame.

The three following questions (Question 12 to Question 15) were assessing competence, courtesy, credibility and security, the assurance dimension. The questions were asking about instilling confidence, customers feeling safe in their transactions, and the knowledge to answer customer questions. The final four questions (Question 15 to Question 18) were assessing easy access, good communications, and customer understanding, the empathy dimension. The questions were concerning individualized attention, convenient service operator hours, customer's best interest at heart, and understanding specific needs. Once the data is collected from each section, the GAP analysis is conducted to identify the gap between customer expectations (Section B) and perceptions (Section C) in each of the service quality dimension.

Section D of the questionnaire was focusing on customer satisfaction from the service and was derived by ten questions. The questions were in regards to meeting expectations, overall satisfaction and value for money service, customer-oriented service, added value service and fulfilment of customer needs. Section E of the questionnaire was focusing on customer loyalty and consisted of ten questions. The questions were regarding continuity of customer and first choice in the future, commended positively to social network by word-of-mouth, nominate for awards, and have built a long-term relationship with the service. (Appendix 4)

3.6 Methods of Distribution

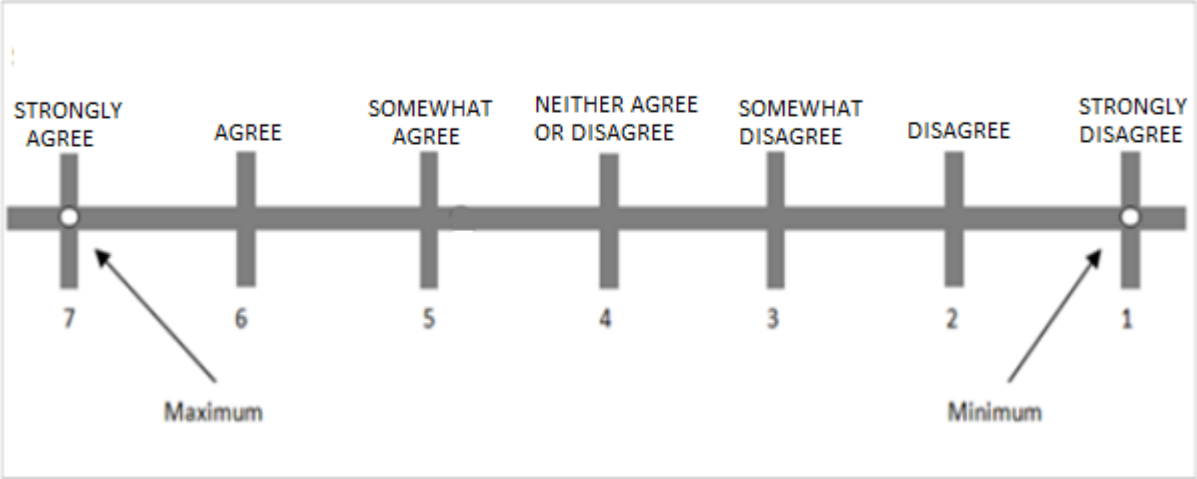
Each participant was targeted prior to their arrival in Cyprus from the reservations department of the hotel in regards to the referred travel agent used for the analysis that the customer booking was made and the demographic section was already completed prior to their arrival due to the knowledge of the information being available on the reservation voucher. The questionnaire was advertised to the customers upon their hotel check-in and invited them to participate in the questionnaire through a personal interview any time that they found convenient during their stay. Provided as an incentive to the targeted questionnaire participants were free refreshments given as compliments of the hotel during the questionnaire completion process. Due to the fact that the questionnaire was quite big with a lot of questions and sections, it was found more efficient and has brought more validity through a one to one interaction in the process of answering the questions than allowing each participant to complete it individually.

3.7 Measures and Statistical Tools

The Questionnaire answers were in a Likert-Scale with seven response alternatives ranging from Strongly Disagree (1), Disagree (2), Somewhat Disagree (3), Neither

Agree or Disagree (4), Somewhat Agree (5), Agree (6), and Strongly Agree (7). The reason for this decision of a Likert-Scale of weighted 1 to 7 is to make the gap identifiable by spreading the number significance of agreeing and disagreeing. Therefore, assuming there is a gap difference it will be more significantly shown with a larger number (See Figure 3).

Figure 3 Likert-Scale for Questionnaire



The measures for the data analysis used were the mean and standard deviation of each question, dimension, and section, followed by the correlation analysis between the frequency of the service quality variables answers and the frequency of customer satisfaction and customer loyalty answers to determine the relationship.

When conducting a statistical analysis, statistical software was needed to analyze the data collected and Microsoft Excel was the software used in the process. Microsoft Excel is a spreadsheet application that was used to calculate the measures of dispersion, the measures of central tendency, and the measures of dependence between variables mentioned previously. The software was also used for the creation of the graphs and tables needed to interpret the analysis and findings.

3.8 Research Ethics

A scientifically approached research needs to be driven by ethics in order to conform to viewers and readers expectations. Due to the research degree of interaction with individuals, appropriate behavior was needed in regard to the participant's rights and the whole process of all interviews was conducted in a discreet and respectful manner. The rights of all participants' privacy and sensitivity have been protected and the confidentiality of those involved has been honored as promised prior to the completion of the questionnaires.

Chapter 4: Analysis and Findings

4.1 Survey Respondents

The questionnaire participants consisted of 56% male and 44% female participants (Appendix 5). In regards to the participant ages, more than 70% of the participants were over 41 years old; this is due to the fact that the Cyprus tourism product offers little to younger aged tourists in regards to leisure activities and entertainment and targets specifically retired, couples, families and newlyweds. Specifically 2.94% consisted of 16-20 years old, 6.86% 21-25 years old, 5.88% 26-30 years old, 7.84% where 31-35 years of age, 5.88% 36-40 years of age. Followed by 12.75% of participants consisted of the age of 41-51 years old, 28.43% 46-50 years old, and above 50 years of age the biggest percentage of 29.41% (Appendix 6).

The type of holiday demographic question consisted of four types of holiday. Group holidaymakers were 6.86% of the questionnaire participants. The smallest percentage were the single holidaymakers with 4.90%, probably due to the fact that rarely people go alone to a foreign country for holiday unless it is for business or visiting relatives. The biggest percentages of the holidaymakers were derived from the Cyprus tourism targeted market segments of couples and family. The biggest percentage was the couple holidaymakers with 52.94% of the respondents. Respondents travelling as family consisted of 35.29% (Appendix 7).

In regards to the nationality of the respondents, the nationalities selected where mostly from European countries who are more common and usual in the Cyprus tourist industry and that have more possibility on booking through digital technologies. All other respondents where classed in the other countries category. The smallest percentage was the Danish with 1.98% and the other countries consisting of 2.97%. The Greeks consisted of 3.96% and then followed by the Dutch with 15.84%, and the German with 17.82%. As expected the biggest percentage was derived from British tourist consumer respondents with 57.43% (Appendix 8)

4.2 Descriptive Statistics

In order to provide more quantitative information, it is necessary to calculate statistical measures that can be used to represent the entire set of data. Two important measures of the data are the location of the data, in terms of a typical or central value, and the spread or dispersion of the data around the central value (Oakshott.L, 2006). The mean is the most used measure of location or average, with the median and mode being used for more specific (special case) applications. The arithmetic mean (usually just shortened to the mean) is the name given to the simple average that most people calculate. It is easy to understand and a very effective way of communicating an answer (Curvin.J and Slater.R, 1996). The mean will be used for the purpose of the research study to identify the average answers of all the

SERVQUAL questions and the customer satisfaction and loyalty questions, in order to provide the acknowledgement of consumer evaluation of the digital service excellence. The mean data from the SERVQUAL questions will also be used to identify average expectation answers for each question of Section B and average perception answer for each question of Section C in order to find the GAP between average expectations and average perceptions of consumers and evaluate digital service excellence (Table 2).

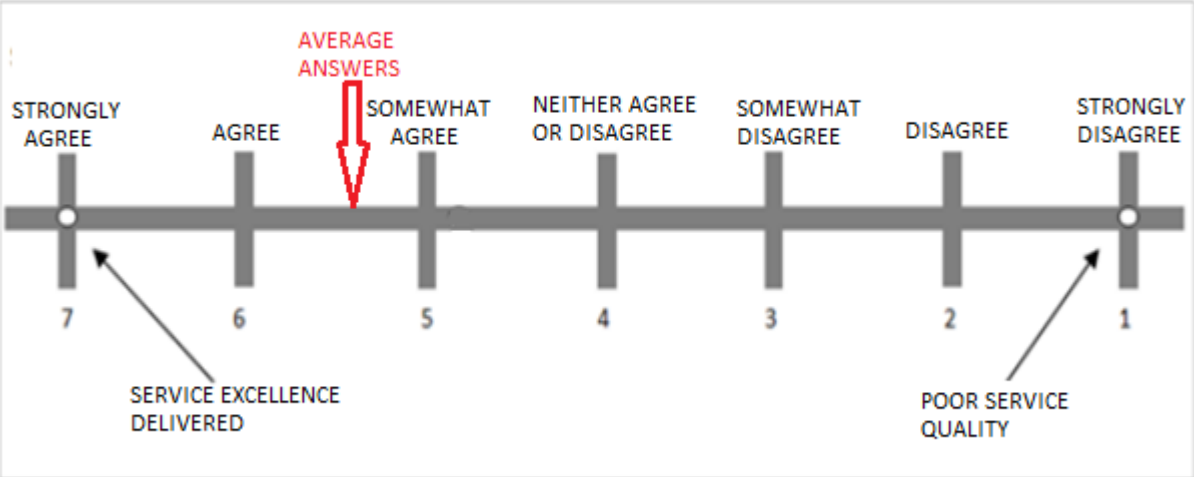
In quality control applications we are particularly concerned about readings that vary from the expected. In market research we are interested not only in the typical values but also whether opinions or behaviors are fairly consistent or vary considerably. The standard deviation is the most widely used measure of dispersion, since it is directly related to the mean. If you choose the mean as the most appropriate measure of central location, then the standard deviation would be the natural choice of measures of dispersion (Curvin.J and Slater.R, 1996). The mean and standard deviation of each question aswell as the gap is shown below in Table 2 and in Table 3 are for each service quality dimension mean and standard deviation as well as the gap.

Table 1 Analysis of the SERVQUAL Questionnaire

Dimension	Statement	EXPECTATIONS ANSWERS AVERAGE $\bar{X}$	EXPECTATIONS ANSWERS σ	PERCEPTIONS ANSWERS AVERAGE $\bar{X}$	PERCEPTIONS ANSWERS σ	Gap Score
Tangibles	TA1	5.274509804	1.665948205	5.705882353	1.371422562	0.431372549
	TA2	5.450980392	1.51968894	4.980392157	1.490277818	-0.470588235
	TA3	5.31372549	1.495739111	5.392156863	1.493140987	0.078431373
	TA4	5.098039216	1.465847533	5.294117647	1.355188767	0.196078431
	TA5	5.352941176	1.460008537	4.843137255	1.45227581	-0.509803922
Reliability	RL1	5.274509804	1.449867613	5.098039216	1.244050099	-0.176470588
	RL2	5.392156863	1.503506547	5.274509804	1.35002175	-0.117647059
	RL3	5.235294118	1.343679525	5.196078431	1.275487581	-0.039215686
	RL4	5.37254902	1.40664314	5.274509804	1.57957257	-0.098039216
Responsiveness	RS1	5.37254902	1.30616863	5.2185	1.283377896	-0.15404902
	RS2	5.37254902	1.315056249	5.235294118	1.404985991	-0.137254902
Assurance	AS1	5.333333333	1.372837422	5.078431373	1.358336713	-0.254901961
	AS2	5.235294118	1.423654071	5.245909412	1.26448125	0.010615294
	AS3	5.58235294	1.446650447	5.490196078	1.553798085	-0.098039216
Empathy	EM1	5.254901961	1.354902228	5.37254902	1.465847533	0.117647059
	EM2	5.529411765	1.349158657	5.098039216	1.280045621	-0.431372549
	EM3	5.62745098	1.279135313	5.509803922	1.378200639	-0.117647059
	EM4	5.215686275	1.148293916	5.039215686	1.434521817	-0.176470588
Overall average gap score for all 6 dimensions:						-0.108186405

Each dimension questions average answer and average dimension answer are stated below. Each question is expressed through their coding instead of question 1 and question 2 for the better understanding of the reader and the average answer is expressed as a number instead of the word such as strongly agree or agree and so on. The analysis of the answered questions data is stated as the mean value and their standard deviation. All average answers where between Somewhat Agree and Agree (Figure 4).

Figure 4 Average Questionnaire Answers



The tangible variable consisted of five questions: TA1 question referred to the digital travel agent service having modern designs and features on the digital service website or application and had an average expectation answer near Somewhat Agree ($\bar{x}$ = 5.2745) with a standard deviation σ = 1.6659 and the perception answer near Agree ($\bar{x}$ = 5.7058) with a standard deviation σ = 1.3714, showing that service excellence is delivered in regards to modern looking designs and features and have exceeded customer expectation, with a positive gap score (TA1 Gap= 0.4313). TA2 question referred to the visuals being appealing to the customers eyes and had an average expectation answer $\bar{x}$ = 5.4509(σ = 1.5196) and an average perception answer $\bar{x}$ = 4.9803 (σ = 1.4902), with a quite significant gap score compared to the other questions TA2 Gap= -0.4705. TA3 question was regarding easy access of data and the right amount of content on the website or application and had an average expectation answer $\bar{x}$ = 5.3137(σ = 1.4957), and an average perception answer $\bar{x}$ = 5.3921(σ = 1.4931), exceeding expectations with a small yet positive gap score TA3 Gap = 0.0784. TA4 question was referring to the digital service application or website rendering a 3D content physically which had an average expectations answer $\bar{x}$ = 5.0980(σ = 1.4658), and an average perception answer $\bar{x}$ = 5.2941(σ = 1.3551), exceeding expectations with a gap score TA4 Gap = 0.1960. Finally the last question of the tangibility variable was concerning the layout of the website or application having an easy layout with an easy navigation and easy to use from the customer perspective. This question had the biggest gap in regards to the other dimension questions with an average expectations answer $\bar{x}$ = 5.3529(σ = 1.4600), an average perception answer $\bar{x}$ = 4.8431(σ = 1.4522), and a gap score

TA5 Gap = -05098. The total average expectation answer for the entire tangible dimension was $\bar{x}$ = 5.2980, the perception average answer $\bar{x}$ = 5.2431, with a total gap score = -0.0549.

The reliability section consisted of four questions: RL1 question referred to the promises of the digital travel agent service of doing something by a certain time and doing so. The average expectation answer was $\bar{x}$ = 5.2745(σ = 1.4498), the perception average answer was $\bar{x}$ = 5.0980(σ = 1.2440) and a score RL1 Gap = -0.1764. RL2 question was regarding the digital travel agent service genuine interest on solving customer problems and had an average expectations answer $\bar{x}$ = 5.3921(σ = 1.5035), and a perception answer $\bar{x}$ = 5.2745(σ = 1.3500), with a gap score RL2 Gap = -0.1176. RL3 question was doing it right the first time with an average expectation answer $\bar{x}$ = 5.2352(σ = 1.3436), perception average answer $\bar{x}$ = 5.1960(σ = 1.2754), and a gap score RL3 Gap = -0.0392. The final question was whether the digital travel agent insisted of a error-free service, which had an average expectation answer $\bar{x}$ = 5.3725(σ = 1.4066), an average perception answer $\bar{x}$ = 5.2745(σ = 1.5795) and a gap score RL4 Gap = -0.0980. The biggest gap was in question RL2 concerning the digital travel agent's genuine interest in solving customers problems. The total average expectation answer for the reliability variable was $\bar{x}$ = 5.3186, the perception average answer $\bar{x}$ = 5.2107, and the total dimension Gap score= -0.1078.

The responsiveness variable had one of the most significant gap scores from all the service quality variables with a total dimension average expectation answer being $\bar{x}$ = 5.3725 and the perception average $\bar{x}$ = 5.2268 resulting to a total dimension Gap Score= -0.1456. RS1 questions referred to the prompt service provided to consumers and had an average expectation answer $\bar{x}$ = 5.3725(σ = 1.3061) and an average perception answer $\bar{x}$ = 5.2185(σ = 1.2837), resulting to a gap score RS1 Gap = -0.1540. RS2 question questioned whether the digital travel agent service responded to customers at a sufficient time frame and the average expectation answer was $\bar{x}$ = 5.3725(σ = 1.3150), and the perception average answer $\bar{x}$ = 5.2352(σ = 1.4049), resulting to a RS2 Gap score=-0.1372.

The assurance dimension consisted of three questions: AS1 question was regarding instilling confidence to customers has an average expectation answer $\bar{x}$ = 5.3333(σ = 1.3728) and an average perception average $\bar{x}$ = 5.0784(σ = 1.3583), resulting to the second most significant gap score AS1 Gap Score= -0.2549. AS2 question referred to the safety of the transactions through a digital travel agent service with the average expectation answer being $\bar{x}$ = 5.2352(σ = 1.4236), and the average perception answer being $\bar{x}$ = 5.2459(σ = 1.2644), resulting to a gap score AS2 Gap = -0.0106. AS3 question was regarding the knowledge from the service provider being adequate to consumer questions with the average expectation answer being $\bar{x}$ = 5.5882(σ = 1.4466), and the average perception answer $\bar{x}$ = 5.4901(σ = 1.5537), resulting to a gap score AS3 Gap = -0.0980. The assurance dimension total average expectation answer was $\bar{x}$ = 5.3856 and the total average perception answer $\bar{x}$ = 5.2715 resulting to a total dimension Gap score = -0.1141.

The final dimension of service quality was empathy and consisted of four questions: EM1question referred to the individualized attention provide to customers, with an average expectation $\bar{x}$ = 5.2549(σ = 1.3549) and an average perception $\bar{x}$ = 5.3725(σ = 1.4685), exceeding expectations with a gap score EM1 Gap – 0.1176. EM2 question referred to service operator response to convenience of customers, and the average expectation

answer was $\bar{x}$ = 5.5294(σ = 1.3491) and the average perception answer was $\bar{x}$ = 5.0980(σ = 1.2800), resulting to one of the most significant negative gap scores EM2 Gap= -0.4313. EM3 question was regarding customer's best interest at heart, with an average expectation answer of $\bar{x}$ = 5.6274(σ = 1.2791) and an average perception answer of $\bar{x}$ = 5.5098(σ = 1.3782), resulting to a gap score EM3 Gap= -0.1176. EM4 question was the final question of section B and C of the SERVQUAL part of the questionnaire and referred to understanding specific needs of customers. The average expectation answer was $\bar{x}$ = 5.2156(σ = 1.1482), and the average perception answer $\bar{x}$ = 5.0392(σ = 1.4345), resulting to a gap score of EM3 Gap = -0.1764. The empathy dimension total average expectation answer was $\bar{x}$ = 5.4068 and the total average perception answer $\bar{x}$ = 5.2549 resulting to a total dimension Gap score = -0.1764.

Table 2 Service Quality Dimensions Average and Gap Identified

Dimension	EXPECTATION Dimension Average	PERCEPTION Dimension Average	GAP Dimension Score
Tangibles	5.298039216	5.243137255	-0.054901961
Reliability	5.318627451	5.210784314	-0.107843137
Responsiveness	5.37254902	5.226897059	-0.145651961
Assurance	5.385620915	5.271512288	-0.114108627
Empathy	5.406862745	5.254901961	-0.151960784

The questions in Section D of the questionnaire were regarding customer satisfaction. All the question answers in this variable were between somewhat agree and agree. The questions specifically were 10 in total: SA1 question referred to overall satisfaction and had an average answer $\bar{x}$ = 5.2352 (σ = 1.4703). SA2 question referred to expectations being satisfied, and the average answer was $\bar{x}$ = 5.1960 (σ = 1.2745).

SA3 question was in regard to excellence delivered from the service, with an average answer $\bar{x}$ = 5.3921 (σ = 1.2713). SA4 question referred to the service experience if is satisfactory and the average answer $\bar{x}$ = 5.1960(σ = 1.4353). SA5 questions was in regard to the digital travel agent understanding customer needs and the average answer was $\bar{x}$ = 5.4705 (σ = 1.4671). SA6 question was regarding the value for money service and the answer was $\bar{x}$ = 5.4313 (σ = 1.2936). SA7 questions referred to excellent after sales service and the average answer was $\bar{x}$ =

5.1568 (σ = 1.4674). SA8 question was in regard to the added value of the service and the average answer was $\bar{x}$ = 5.0588 (σ = 1.5339). SA9 question was asking whether the digital travel agent service is customer centered, with an average answer of $\bar{x}$ = 5.1764 (σ = 1.3888),. The final question of part D, the SA10 question, referred to the fulfillment of needs and the average answer was $\bar{x}$ = 5.1372 (σ = 1.4626). The total customer satisfaction variable average answer was $\bar{x}$ = 5.2450, indicating that customers were somewhat satisfied.

Section E had questions concerning customer loyalty and again all the question answers were between somewhat agree and agree. There were 10 questions: LO1question referred to continuation of the service from customers and had an average answer $\bar{x}$ = 5.0588 (σ = 1.2339). LO2 question was in regard to customer recommendations to others with an average answer $\bar{x}$ = 5.1960 (σ = 1.3646). LO3 question was asking customers whether the digital travel agent will be their first choice in the future and the average answer was $\bar{x}$ = 5 (σ = 1.5024). LO4 question was concerned with the positive commendations through word-of-mouth and the average answer was $\bar{x}$ = 5.0392 (σ = 1.3924) . LO5 question was referring to customer beliefs of continuous future quality from the digital service and the average answer was $\bar{x}$ = 5.2549 (σ = 1.4190). LO6 question was regarding future bookings whether customers would compare with other digital travel agents and the average answer was $\bar{x}$ = 5.2745(σ = 1.5166). LO7 question concerned the long-term relationship built between customer and service provider, with an average answer of $\bar{x}$ = 5.1176 (σ = 1.4162). LO8 question referred to the suggestions of the service from customers to their social network, with the average answer being $\bar{x}$ = 5.2352 (σ = 1.4568). LO9 question was about nominating the service for a service quality award and the average answer was $\bar{x}$ = 5.0588 (σ = 1.6460). LO10 question was the last question of section C and concerned the highly mentioning the digital service to peers and had an average answer $\bar{x}$ = 5.2352 (σ = 1.5232). The total customer loyalty variable average answer was $\bar{x}$ = 5.1470.

Table 3 Customer Satisfaction and Customer Loyalty

Dimension	Statement	ANSWERS	
		AVERAGE $\bar{X}$	σ
Satisfaction	SA1	5.235294118	1.470343602
	SA2	5.196078431	1.274574017
	SA3	5.392156863	1.12713483
	SA4	5.196078431	1.435333581
	SA5	5.470588235	1.467171336
	SA6	5.431372549	1.293623386
	SA7	5.156862745	1.467435954
	SA8	5.058823529	1.533929978
	SA9	5.176470588	1.388864945
	SA10	5.137254902	1.462665515
	TOTAL	5.245098039	
Loyalty	LO1	5.058823529	1.233392885
	LO2	5.196078431	1.364610819
	LO3	5	1.502473209
	LO4	5.039215686	1.392494511
	LO5	5.254901961	1.419010075
	LO6	5.274509804	1.516619892
	LO7	5.117647059	1.4162712
	LO8	5.235294118	1.456813766
	LO9	5.058823529	1.646018475
	LO10	5.235294118	1.523261681
	TOTAL	5.147058824	

4.3 Inferential Statistics-correlation analysis

Followed by the analysis of the mean average answer of each service quality variable and the customer satisfaction and customer loyalty variables and have identified the Gap between perception and expectation from consumers of the digital travel agent service, the measurement of the strength of the linear relationship between customer perceptions of service quality dimensions with customer satisfaction and customer loyalty will be tested. The test is whether the variables are correlated. The correlation between the tangibles and the customer satisfaction variable is *r*= 0.8316 and the correlation between tangibles and customer loyalty is *r*= 0.7624. The Tangibles variable of service quality has a very strong positive correlation with customer satisfaction and a strong positive correlation with customer loyalty. The correlation between the reliability variable and customer satisfaction is *r*=0.7084 and with customer loyalty *r*= 0.7308. The Reliability variable has a strong positive correlation with both customer satisfaction and customer loyalty. The correlation between the responsiveness variable and customer satisfaction is *r*= 0.7556 and with customer loyalty *r*= 0.7732. Responsiveness has a strong positive

correlation with both customer satisfaction and customer loyalty. The correlation between the assurance variable and customer satisfaction is *r*= 0.7707 and with customer loyalty *r*= 0.5623. Assurance has a strong positive correlation with customer satisfaction and a moderate positive correlation with customer loyalty. The correlation between the empathy variable of service quality and customer satisfaction is *r*= 0.7437 and with customer loyalty *r*= 0.8451. Empathy has a strong positive correlation with customer satisfaction and a very strong correlation with customer loyalty. (See table 5)

Table 4 Correlation Analysis

Correlation between Variables	Satisfaction	Loyalty
Tangibles	0.831629913	0.762463713
Reliability	0.708459322	0.730895164
Responsiveness	0.755621112	0.773278787
Assurance	0.770758081	0.562370892
Empathy	0.743742635	0.845129287

The term correlation has become a common word in everyday news reports and commentaries; so much so, that you will already have some idea of its meaning

Chapter 5: Findings and Recommendations

After analyzing the questionnaire in regard to the tangibility of the digital travel agents service quality, acknowledgements are made in regard to the survey respondents answers. The first aspect of the tangibility variable was the modern looking designs and features on the digital service application. The digital travel agents seem to have exceeded customer expectations in modern looking designs and features since this is the highest positive gap score and thus have provided digital service excellence in the consumers eyes through this tangible aspect. The second aspect of the tangibility dimension was referring to the visuals being appealing to customer eyes. There seems to be a significant gap between expectations and perceptions due to the negative gap score being by far bigger than the average gap score. The following two aspects of the tangibility dimension of service quality was the right amount of content and easy access to data, and the application rendering 3D content physically. The digital travel agent has exceeded expectations in both questions and has provided digital service quality to consumers. The fifth and last aspect of the tangibility variable in question, which is considered of

most importance to both the end consumer and the business since is in direct effect to business sales, is the easy navigation and ease of use of the digital service from the customer. The digital travel agents seem to have failed meeting expectations in the specific aspect since it is the most significant negative gap score. The total average gap of the tangibility variable is negative but not as significant as the other service quality variables.

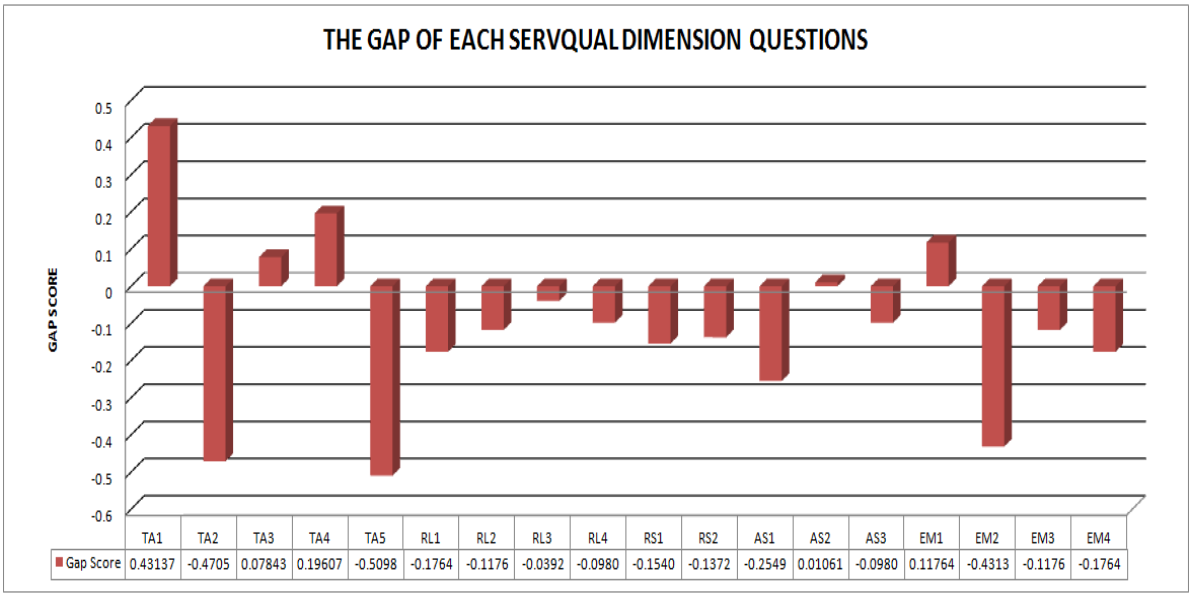
Reliability in regard to promising on time delivery was the first reliability dimension aspect in question with a significant negative gap score since it was bigger than the total average and from the other reliability dimension aspects. The second reliability aspect was referring to the digital travel agent service showing genuine interest in solving customer problems and had a significant negative gap score. This is probably due to the fact that there is no physical interaction with an employee of the service provider to actually establish an acknowledgement of the genuine interest of the digital service solving customer problems. The following two aspects of the reliability variable was doing it right the first time and insisting on an error free service. There was a small but negative gap score for the two aspects and overall reliability had the second lowest gap score from the other service quality variables. Responsiveness

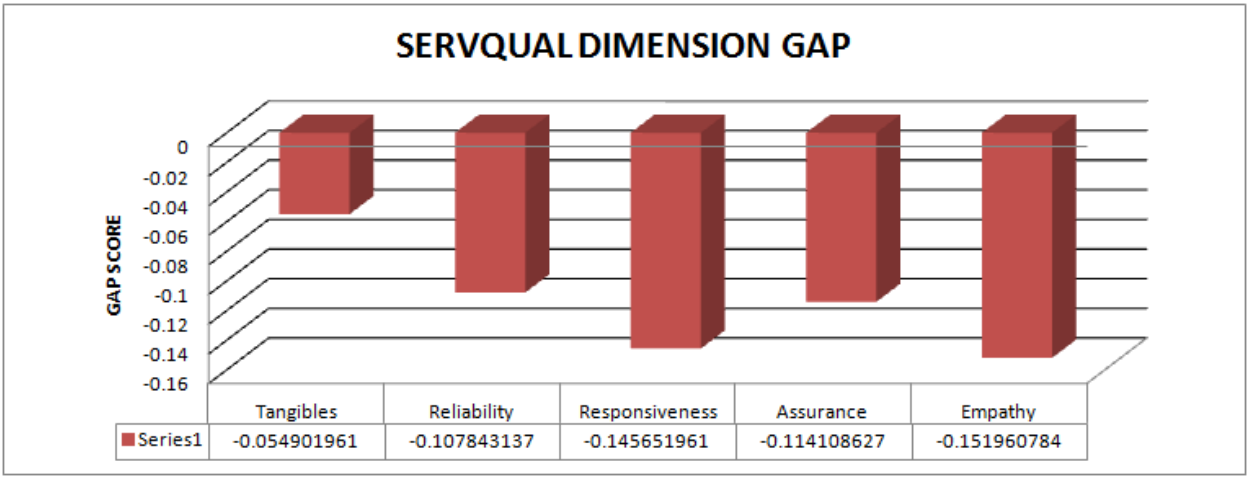
Responsiveness in regard to providing prompt service to customers was the first aspect in question and had a negative gap score as well as the other responsiveness aspect in question which was responding to the digital communications with customers in a sufficient time. Overall responsiveness had the second biggest average gap score compared to the other service quality variables. The failure to succeed prompt service is probably due to the customer need to complete a lot of details prior to making the actual purchase and thus increasing the sales process time.

Assurance in regard to instilling confidence to customers had significant gap in regard to the other aspects of the assurance variable. This is probably due to the recent evolvement of digital services and therefore not yet established instilling confidence to consumers to use the digital service. The second aspect of the assurance variable was the safety in the customer transactions and surprisingly the customer expectations were exceeded. This has been the main constraint for businesses in attracting consumers to conduct their transactions through online networks from the very beginning of the emergence of e-commerce. Consumers now seem to feel safe in regard to the payment card details confidentiality online. The third aspect of the assurance variable was the knowledge from the digital travel agent to answer the questions of consumers and there was a negative gap score between expectations and perceptions.

Empathy variable of service quality first aspect in question was the individualized attention which had a positive gap score and exceeding expectations. This is

probably due to the fact that digital services can serve unlimited number of consumers at the same time without having the need to wait to conduct their transactions one at a time. The second aspect of the empathy variable which had a significant negative gap score in regard to the other questions in the SERVQUAL section of the questionnaire was the service operator being available all day and every day. The following two aspects of the empathy variable of service quality were the service having customer's best interest at heart and understanding specific needs of customers and both aspects had a negative gap score.





Bibliography/References

Kotler.P, Armstrong. G, Saunders.J, Wong.V (1996). *Principles of Marketing*. European edition. Prentice Hall Europe. London: Hertfordshire.

Palmer.A (2005). *Principles of Service Marketing*. 4th edition. McGraw-Hill Education. London: Berkshire.

Kasper.H, Van Helsdingen.P, and Mark Gabbot (2006). *Service Marketing Management: A strategic perspective*. 2nd edition. John Wiley and Sons ltd. London: West Sussex

Fisk.R, Grove.S and John.J (2004). *Interactive Services Marketing.* 2nd edn. Boston, New York: Houghton Mifflin Company.

Brassington.F and Pettitt.S (2003). 3rd edition. *Principles of Marketing*. London: Harlow Essex

Anderson.P. (2012). *Changing the Servicescape: The influence of music and self-disclosure on approach-avoidance behavior.* [Online], Available from: http://kau.diva-portal.org/smash/get/diva2:571759/FULLTEXT02.pdf [Last Accessed 20th of July 2015]

Bitner.M (1992). *The Impact of Physical Surroundings on Customers and Employees.* Source: The Journal of Marketing, Vol.56, No.2, pp.57-71. American Academy Association. [Online], Available from: http://web.wilkes.edu/jennifer.edmonds/MBA_513/servicescapes.pdf [Last Accessed 17th of July 2015]

Cornelius.H, Van Heerden, Botha.Y, and Durieux.E (2009). The relationship between atmospherics, servicescape and destination attractiveness of a holiday destination. Innovative Marketing, Vol.5, Issue 1. [Online], Available from: http://businessperspectives.org/journals_free/im/2009/im_en_2009_1_Heerden.pdf [Last Accessed 25th of July 2015]

Ballantyn.D and Nilsson.E (2014). *Challenging our mental models: Servicescape in digital service-space.* The 13th International Research Conference in Service Management. La Londe les Maures, France. [Online], Available from: http://www.lalondeconference.org/lalonde/SM/2014_lalonde_seminar/papers/16_lamda.pdf [Last Accessed 27th of July 2015]

Jeon.M and Jeong.M (2009). *A Conceptual Framework to Measure E-servicescape on a B&B Website.* Internatioinal CHRIE Conference. University of Massachusetts. [Online], Available from:

http://scholarworks.umass.edu/cgi/viewcontent.cgi?article=1155&context=refereed [Last Accessed 13th of July 2015]

Kotler.P, Bowen.J, and Makens.J (2010). *Marketing for Hospitality and Tourism.* International Edition.Pearson Education. New Jersey: Upper Saddle River.

Merisavo.M (2006). The Effects of digital Marketing Communication on Customer Loyalty: An Integrative Model and Research Propositions. [Online], Available from: http://epub.lib.aalto.fi/pdf/wp/w400.pdf [Last Accessed 19th of July 2015]

Laroche.M, Ueltschy.L, Abe.S, Cleveland.M, and Yannopoulos.P (2004) *Service Quality Perceptions and Customer Satisfaction: Evaluating the Role of Culture.* Neapolis University Library Review. [Online] Journal of International Marketing Vol.12,No3, 2004, pp.58-85 Available from: http://www.nup.ac.cy/learning-resources/ [Accessed 13th of May 2015].

Panda.T and Das.S (2014) *The role of tangibility in Service Quality and Its Impact on External Customer Satisfaction: A comparative Study of Hospitals and Hospitality Sectors.* Neapolis University Library Review. [Online] The IUP Journal of Marketing Management, Vol.XΠI, No.4, 2014. Available from: http://www.nup.ac.cy/learning-resources/ [Accessed 22th of May 2015].

Lin.S, Ryan.B, Qu.H, and Martin.L (2010) *A Study of the Relationship Between Hotel Informative Service Setting Items and Customer Satisfaction.* Neapolis University Library Review. [Online] Journal of Quality Assurance in Hospitality & Tourism, 11:111-131. Taylor and Francis Group, LLC Available from: http://www.nup.ac.cy/learning-resources/ [Accessed 30th of May 2015].

Anderson.S, Baggett.S, and Widener.S (2009) *The Impact of Service Operations Failures in Customer Satisfaction: Evidence on How Failure and Their Source Affect What Matters to Customers.* Neapolis University Library Review. [Online] Manufacturing & Service Operations Management Vol.11, No.1, Winter 2009, pp 52. Available from: http://www.nup.ac.cy/learning-resources/ [Accessed 30th of May 2015].

Edwin N. Torres (2014). *Deconstructing Service Quality and Customer Satisfaction: Challenges and Directions for Future Research*. [Online] Journal of Hospitality Marketing & Management, 23:6, Available from: http://dx.doi.org/10.1080/19368623.2014.846839[Accessed 25th of June 2015].

Sherman.E and Cooper.P (1988) Life Satisfaction: *The missing focus of Marketing Seniors.* Neapolis University Library Review. [Online] Journal of Health Care Marketing, Vol.8, No.1, pp 69-71. Available from: http://www.nup.ac.cy/learning-resources/ [Accessed 30th of June 2015].

Hoyt.J and Howell.S (2011) *Beyond Customer Satisfaction: Reexamining Customer Loyalty to Evaluate Continuing Education Programs.* Neapolis University Library Review. [Online] Journal of Continuing Higher Education , 59:21-33, 2011. Available from: http://www.nup.ac.cy/learning-resources/ [Accessed 13th of June 2015].

Drunner-Sperdin.A and Peters.M (2009). *What Influences Guest's Emotions? The Case of High-quality Hotels.* Neapolis University Library Review. [Online] International Journal of Tourism Research 11, 171-183, 2009. Available from: http://www.nup.ac.cy/learning-resources/ [Accessed 13th of July 2015].

Chen.R and Ayeh.J (2013). *How's the Service? A study of Service Quality Perceptions across Sectors and Source Markets.* Neapolis University Library Review. [Online] International Journal of Tourism Research 15, 241-260, 2013. Available from: http://www.nup.ac.cy/learning-resources/ [Accessed 2nd of July 2015].

Entrepreneur.com. *Growth Strategies: Sam Walton Basement Bargain Billionaire* [Online] Available from: http://www.entrepreneur.com/article/197560 [Accessed: 4th of June 2015]

Deming.org. (2015) *The W.Edwards Deming Institute Blog: W.Edwards Deming Quotes from Out of the Crisis.* [Online] Available from: http://blog.deming.org/w-edwards-deming-quotes/w-edward-deming-quotes-from-out-of-the-crisis[Accessed: 19th of May 2015]

Hoover's Inc. (2015) *Travel Agencies and Services Report Summary* [Online] Available from: http://www.entrepreneur.com/article/197560 [Accessed: 25th of May 2015]

Belsky.G (2012). *Why Travel Agents Are Back From The Dead (And Why You Should Care)* [Online] Available from: http://business.time.com/2012/05/07/why-travel-agents-are-back-from-the-dead-and-why-you-should-care/ [Accessed: 12th of June 2015]

Shuttleworth.M (Oct 3, 2008). *Definition of Research.* [Online] Available from Explorable.com: https://explorable.com/definition-of-research [Accessed: 1st of May 2015]

Hill.B (2009). *Apple CEO Steve Job's '12 rules of success'* Available from Businessbrief.com: http://www.businessbrief.com/apple-ceo-steve-jobs-12-rules-of-success/ [Accessed: 21st of May 2015]

Oakshott.L (2006). *Essential Quantitative Methods for Business Management and Finance*. 3rd edition. Palgrave Macmillan. New York

Curvin.J and Slater.R (1996). *Quantitative Methods for Business Decisions.*4th edition. Inernational Thomson Business Press. London: Berkshire House

Finn.D and Lamb.C (1991) *"An evaluation of the Servqual Scales in a retailing Setting"*, in NA – Advances in Consumer Research Volume 18, eds. Rebecca H. Holman and Michael

Association of Consumer Research (ACR.org) (2015) *The Parasuraman, Zeithaml, and Berry (1988) Theory of the Determinants of Perceived Quality* [Online] Availlable: http://www.acrwebsite.org/search/view-conference-proceedings.aspx?Id=7137 [Accessed: 25th of May]

Lin, S. et al. (2010) A Study of the Relationship Between Hotel Informative Service Setting Items and Customer Satisfaction. *Library Review.* [Online] Journal of Quality Assurance in Hospitality & Tourism, 11:111-131. Neapolis University Library Electronic Database Available from: http://www.nup.ac.cy/learning-resources/ [Accessed 11th of April 2015].

Laroche, M. et al. (2003) Service Quality Perceptions and Customer Satisfaction: Evaluating the Role of Culture. *Library Review.* [Online] Journal of International Marketing Vol.12,No3, 2004, pp.58-85 Neapolis University Library Electronic Database Available from: http://www.nup.ac.cy/learning-resources/ [Accessed 13th of April 2015].

Brady, M., & Cronin, J. (2001). Some new thoughts on conceptualizing perceived service quality: A hierarchical approach. *Journal of Marketing*, *65*(3), 34–49.

Oliver, R. (1993). A conceptual model of service quality and service satisfaction: Compatible goals, different concepts. *Advances in Marketing and Management*, *2*, 65–85.

Gronroos, C. (1984). A service quality model and its marketing implications. *European Journal of Marketing*, *18*(4), 36–44.

Parasuraman, A., Zeithaml, V., & Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, *64*(1), 12–40.

Suzana M. & Sanja R. (2010) *Measuring Perceived Service Quality Using servqual: A Case Study of the Croatian Hotel Industry,* [Electronic], vol. 5, no. 3, pp.195-209, Available: <http://www.fm-kp.si/zalozba/ISSN/1854-4231/5_195-209.pdf>. Assessed: 10/05/2015.

Walid Y. M.(2013) *TQM critical success factors in hospitality Industry and their impact on Customer Loyalty, a theoretical Model,* [Electronic], vol. 4, no. 1, pp.1-15, Available: <http://www.ijser.org/researchpaper%5CTQM-critical-success-factors-in-hospitality-Industry-and-their-impact-on-Customer-Loyalty,-a-theoretical-Model.pdf>. Assessed: 11/05/2015.

Patiar A & Michael C. G. (2012) *Competition, total quality management practices, and performance: evidence from upscale hotels,* [Electronic], vol. 17, pp.195-211, Available: <http://www98.griffith.edu.au/dspace/bitstream/handle/10072/48529/81035_1.pdf;jsessionid=84376DE04FCDF7DA91D56B14E5F0F5AC?sequence=1>. Assessed: 02/05/2015.

Daniel C. & Berinyuy L. (2010) *Using the SERVQUAL Model to assess Service Quality and Customer Satisfaction,* [Electronic], pp.1-78, Available<:<(http://umu.diva-portal.org/smash/get/diva2:327600/FULLTEXT01.pdf>, Assessed: 14/05/2015.

Krishna C.N. (2010) *Service Quality (Servqual) and its Effect on Customer Satisfaction in Retailing,* [Electronic], vol. 16, no. 2, pp.1-13, Available:<http://lms.ctu.edu.vn/dokeos/courses/KT321/document/LUOC_KHAO_TAI_LIEU/chat_luong_dich_vu_va_su_hai_long_cua_dv_ban_le.pdf>, Assessed: 17/05/2015.

John J. & Stephen G. J. & Raymond F. P. (2004) *Interactive Services Marketing.* 2nd edn. Boston, New York: Houghton Mifflin Company.

Alister M. & Geoffrey W. (1992) *Tourism: economic, physical and social impacts.* London: Longman Group Limited.

Andrian P. (2005) *Principles of Services Marketing.* 4th edn. UK: McGraw-Hill Companies, Inc.

Hans K. & Piet H. & Mark G. (2006) *Services Marketing Management: A Strategic Perspective.* 2nd edn. USA: John Wiley & Sons, LTD.

Henry A.(1998) *Consumer Behavior And Marketing Action.* 6th edn. USA: An International Thomson Publishing Company.

Kotler.P et al. (1996) *Principles of Marketing*. European edition. Prentice Hall Europe. Hertfordshire.

Brassington, F. and Pettitt, S. (2003) *Principles of Marketing*. 3rd edition. London: Pearson Education.

Gray, C. and Larson, E. (2008) *Project Management: The managerial process*. 4th Edition. New York: McGraw Hill.

Turban, E. et al. (2008) *Electronic Commerce: A managerial perspective*. New Jersey: Pearson Education.

Christopher, M. and Peck, H. (2003) Marketing Logistics.2nd edition. Butterworth-Heinemann.

Assael, H. (1998) Consumer Behaviour and Marketing Action. 6th edition. International Thomson Publishing.

Kuratko, D. and Hodgetts, R.(2007) Entrepreneurhip.7th edition. Thomson South-Western.

Mullins, J. (2005) *Management and Organisational Behaviour*. 7th edition. London: Prentice Hall.

Galloway, L. (1998) *Principles of Operations Management*. 2nd edition. London: International Thomson Business Press.

Greasley, A. (1999) *Operations Management in Business*. Stanley Thornes (Publisher)

Yahoo industry browser. (2015) *Technology-Internet Software & Services-Company List.* [Online] Available from: http://biz.yahoo.com/p/852conameu.html [Accessed: 20th June 2015].

Lunden, I. (2015) *80% of online users now own a smart phone, less than 10% use wearables.* [Online] Available from: http://techcrunch.com/2015/01/12/80-of-all-online-adults-now-own-a-smartphone-less-than-10-use-wearables/ [Accessed: 14th June 2015].

Heggestuen, J. (2013) *One in every 5 people in the world own a smart phone, One in every 17 own a tablet*. [Online] Available from: http://www.businessinsider.com/smartphone-and-tablet-penetration-2013-10 [Accessed: 12th July 2015].

Emarketer (2014) *Internet to hit 3 billion users in 2015*. [Online] Available from: http://www.emarketer.com/Article/Internet-Hit-3-Billion-Users-2015/1011602#sthash.xjWgMx0Z.dpuf [Accessed: 28th June 2015].

Tourism – an economic and social phenomenon, 2015. Available from: <http://www2.unwto.org/content/why-tourism>. [Accessed: 03/05/2015].

Tourism & Hospitality-Statistics and Market Data on Travel, 2015. Available from: <http://www.statista.com/markets/420/travel-tourism-hospitality/>. [Accessed: 05/05/2015].

Appendices

Appendix 1: Classification of continents based on international tourist arrivals, 2015. Source UNWTO

	International Tourist Arrivals (million)							Market share (%)	Change (%)			Average annual growth (%)
	1990	1995	2000	2005	2010	2013	2014*	2014*	12/11	13/12	14*/13	'05-'14*
World	**435**	**527**	**674**	**809**	**949**	**1,087**	**1,133**	**100**	**4.2**	**4.6**	**4.3**	**3.8**
Advanced economies[1]	**296**	**336**	**420**	**466**	**513**	**586**	**619**	**54.7**	**4.0**	**4.7**	**5.8**	**3.2**
Emerging economies[1]	**139**	**191**	**253**	**343**	**435**	**501**	**513**	**45.3**	**4.4**	**4.5**	**2.4**	**4.6**
By UNWTO regions:												
Europe	**261.5**	**304.7**	**386.4**	**453.0**	**488.9**	**566.4**	**581.8**	**51.4**	**3.9**	**4.9**	**2.7**	**2.8**
Northern Europe	28.7	36.4	44.8	59.9	62.8	67.4	71.3	6.3	1.5	2.9	5.9	2.0
Western Europe	108.6	112.2	139.7	141.7	154.4	170.8	174.5	15.4	3.6	2.8	2.2	2.3
Central/Eastern Europe	33.9	58.1	69.3	95.1	98.4	127.3	121.1	10.7	9.1	7.7	-4.9	2.7
Southern/Medit. Europe	90.3	98.0	132.6	156.4	173.3	201.0	214.9	19.0	1.9	5.6	6.9	3.6
- of which EU-28	230.1	268.0	330.5	367.9	384.3	433.8	455.1	40.2	3.0	4.0	4.9	2.4
Asia and the Pacific	**55.8**	**82.1**	**110.3**	**154.0**	**205.4**	**249.8**	**263.3**	**23.2**	**6.9**	**6.8**	**5.4**	**6.1**
North-East Asia	26.4	41.3	58.3	85.9	111.5	127.0	136.3	12.0	6.0	3.4	7.3	5.3
South-East Asia	21.2	28.5	36.3	49.0	70.5	94.3	96.7	8.5	8.7	11.3	2.6	7.9
Oceania	5.2	8.1	9.6	10.9	11.4	12.5	13.2	1.2	4.2	4.6	5.7	2.1
South Asia	3.1	4.2	6.1	8.1	12.0	16.0	17.1	1.5	5.9	11.4	6.8	8.6
Americas	**92.8**	**109.1**	**128.2**	**133.3**	**150.1**	**167.5**	**181.0**	**16.0**	**4.5**	**3.1**	**8.0**	**3.5**
North America	71.8	80.7	91.5	89.9	99.5	110.2	120.4	10.6	4.1	3.6	9.2	3.3
Caribbean	11.4	14.0	17.1	18.8	19.5	21.1	22.4	2.0	3.1	2.8	6.2	2.0
Central America	1.9	2.6	4.3	6.3	7.9	9.1	9.6	0.8	7.3	2.6	5.6	4.8
South America	7.7	11.7	15.3	18.3	23.1	27.1	28.6	2.5	6.3	1.5	5.4	5.1
Africa	**14.7**	**18.7**	**26.2**	**34.8**	**49.5**	**54.4**	**55.7**	**4.9**	**4.8**	**4.7**	**2.4**	**5.4**
North Africa	8.4	7.3	10.2	13.9	18.8	19.6	19.8	1.7	8.7	6.0	0.9	4.0
Subsaharan Africa	6.3	11.5	16.0	20.9	30.8	34.7	35.9	3.2	2.8	4.1	3.3	6.2
Middle East	**9.6**	**12.7**	**22.4**	**33.7**	**54.7**	**48.4**	**51.0**	**4.5**	**-5.3**	**-3.1**	**5.4**	**4.7**

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO May 2015)

[1] Classification based on the International Monetary Fund (IMF), see the Statistical Annex of the IMF World Economic Outlook of April 2015, page 150, at www.imf.org/external/ns/cs.aspx?id=29.

Appendix 2: The research questionnaire

Survey: Digital Service Quality Questionnaire

The following questionnaires are prepared in order to assess the quality of travel agent companies providing their service to consumers through electronic and digital channels. The survey is undertaken by Marios Psomas as a researcher.

The participation is completely voluntary and anonymous. Your answers will be treated as confidential information and in no way will be identified and/or made available to anyone. The questionnaire will be taken back to University for analysis. Aggregated results may be used for research purposes and may be reported to scientific and/or academic journals.

The survey is based on the SERVQUAL model which is a well know and broadly accepted tool for measuring the quality of services by assessing customers' expectations and perceptions.

When you have completed the survey please return the questionnaire to the reception of the hotel. If you have any questions regarding this research please contact me on 00357 97881601 or email at mpsomas85@gmail.com.

Thank you for your Cooperation!!!

1. Sex: Female [ ] Male [ ]

2. Age: 16-20 [ ] 21-25 [ ] 26-30 [ ] 31-35 [ ] 36-40 [ ] 41-45 [ ] 46-50 [ ] Above 50 [ ]

3. What is your current type of holiday?

Family	[ ]
Couple	[ ]
Single	[ ]
Group	[ ]

4. Nationality: German [ ] British [ ] Danish [ ] Cypriot [ ] Greek [ ] Dutch [ ] Other [ ]

Neapolis University Pafos

Please complete the questionnaire by indicating your expectations of an excellent digital travel agent service to best book your holiday. Please answer on a scale from 1 (Strongly Disagree) to 7 (Strongly Agree).

	Strongly Disagree ☹	Strongly Agree ☺
1.	An excellent digital travel agent service will have modern looking designs and features on the digital service application.	1.....2.....3.....4.....5.....6.....7
2.	The visuals concerning the digital service of an excellent travel agent will be appealing to the customers eyes.	1.....2.....3.....4.....5.....6.....7
3.	An excellent digital travel agent service will have the easy access to data and the right amount of content.	1.....2.....3.....4.....5.....6.....7
4.	The digital information on an excellent travel agent's application or site will render a 3D content physically.	1.....2.....3.....4.....5.....6.....7
5.	An excellent digital travel agent service will have a layout with an easy navigation and easy to use from the customer perspective.	1.....2.....3.....4.....5.....6.....7
6.	When an excellent digital travel agent service promises to do something by a certain time, it will do so.	1.....2.....3.....4.....5.....6.....7
7.	When customers have a problem, an excellent digital travel agent service will show genuine interest in solving it.	1.....2.....3.....4.....5.....6.....7
8.	An excellent digital travel agent service will perform the service right the first time.	1.....2.....3.....4.....5.....6.....7
9.	An excellent digital travel agent service will insist on an error-free service.	1.....2.....3.....4.....5.....6.....7
10.	An excellent digital travel agent service will provide a prompt service to customers.	1.....2.....3.....4.....5.....6.....7
11.	An excellent digital travel agent service will respond to digital communications with customers at a sufficient time frame.	1.....2.....3.....4.....5.....6.....7
12.	An excellent digital travel agent service will instill confidence to customers.	1.....2.....3.....4.....5.....6.....7
13.	Customers will feel safe in their transactions at an excellent digital travel agent service.	1.....2.....3.....4.....5.....6.....7
14.	An excellent digital travel agent service will have the knowledge to answer customer requests.	1.....2.....3.....4.....5.....6.....7
15.	An excellent digital travel agent service will give to customers' individualized attention.	1.....2.....3.....4.....5.....6.....7
16.	An excellent digital travel agent service will provide a 24hour/7day a week customer service operator assistance to the convenience of customers.	1.....2.....3.....4.....5.....6.....7
17.	An excellent digital travel agent service will have the customers' best interest at heart.	1.....2.....3.....4.....5.....6.....7

18. An excellent digital travel agent service will understand the specific needs of customers.	1.....2.....3.....4.....5.....6.....7

Please complete the questionnaire by indicating your perceptions of the digital travel agent service you booked your holiday. Please answer on a scale from 1 (Strongly Disagree) to 7 (Strongly Agree).

	Strongly Disagree ☹ ... Strongly Agree ☺
1. The digital travel agent service has modern looking designs and features on the digital service application.	1.....2.....3.....4.....5.....6.....7
2. The visuals concerning the digital travel agent service is appealing to the eyes.	1.....2.....3.....4.....5.....6.....7
3. The digital travel agent service offers easy access to data and the right amount of content.	1.....2.....3.....4.....5.....6.....7
4. The digital information on the travel agent's application or site will render a 3D content physically.	1.....2.....3.....4.....5.....6.....7
5. The digital travel agent service has a layout with an easy navigation and ease to use.	1.....2.....3.....4.....5.....6.....7
6. When the digital travel agent service promised to do something by a certain time, it did so.	1.....2.....3.....4.....5.....6.....7
7. When customers have a problem, the digital travel agent service shows genuine interest in solving it.	1.....2.....3.....4.....5.....6.....7
8. The digital travel agent service performs the service right the first time.	1.....2.....3.....4.....5.....6.....7
9. The digital travel agent service insists on an error-free service.	1.....2.....3.....4.....5.....6.....7
10. The digital travel agent service provides a prompt service to customers.	1.....2.....3.....4.....5.....6.....7
11. The digital travel agent service responds to digital communications with customers at a sufficient time frame.	1.....2.....3.....4.....5.....6.....7
12. The digital travel agent service instills confidence.	1.....2.....3.....4.....5.....6.....7
13. Customers will feel safe in their transactions with the digital travel agent service.	1.....2.....3.....4.....5.....6.....7
14. The digital travel agent service has the knowledge to answer customer requests.	1.....2.....3.....4.....5.....6.....7
15. The digital travel agent service gives to customers' individualized attention.	1.....2.....3.....4.....5.....6.....7
16. The digital travel agent service provides a 24hour/7days a week customer service operator assistance to the convenience of customers.	1.....2.....3.....4.....5.....6.....7
17. The digital travel agent service has the customers' best interest at heart.	1.....2.....3.....4.....5.....6.....7
18. The digital travel agent service understands the specific needs of customers.	1.....2.....3.....4.....5.....6.....7

Neapolis University Pafos

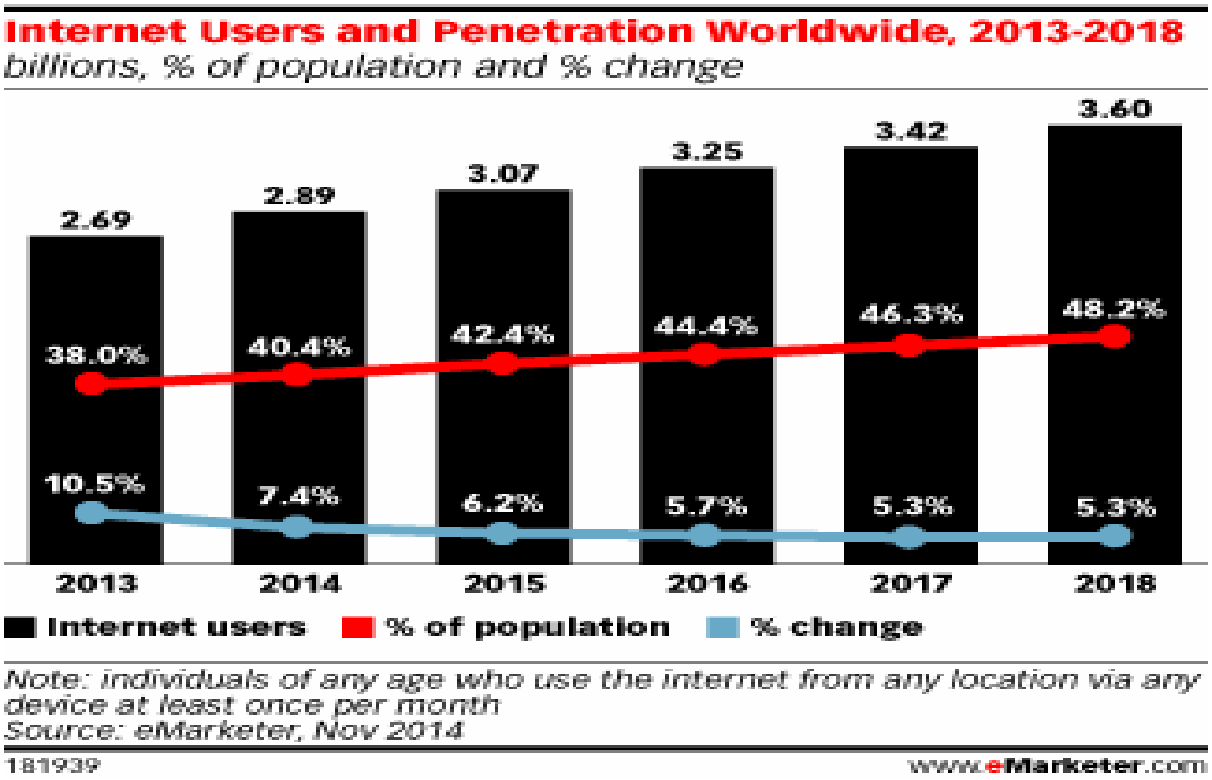
PART D: Please complete the questionnaire by indicating your satisfaction of the digital travel agent service you booked your holiday. Please answer on a scale from 1 (Strongly Disagree) to 7 (Strongly Agree).

	Strongly Disagree ☹ ... Strongly Agree ☺
1. Overall, you are satisfied by the digital travel agent service you booked your holiday	1.....2.....3.....4.....5.....6.....7
2. Expectations have been satisfied from the digital travel agent service	1.....2.....3.....4.....5.....6.....7
3. The digital travel agent provides an excellent digital service	1.....2.....3.....4.....5.....6.....7
4. You are satisfied with the recent digital service experience	1.....2.....3.....4.....5.....6.....7
5. The digital travel service understood the nature of your needs	1.....2.....3.....4.....5.....6.....7
6. The digital travel agent service provides value for money services	1.....2.....3.....4.....5.....6.....7
7. The digital travel agent service offers an excellent after sales service	1.....2.....3.....4.....5.....6.....7
8. The digital travel agent service provides an added value to customers	1.....2.....3.....4.....5.....6.....7
9. The digital travel agent service is customer-centered	1.....2.....3.....4.....5.....6.....7
10. The digital travel agent service has fulfilled your needs	1.....2.....3.....4.....5.....6.....7

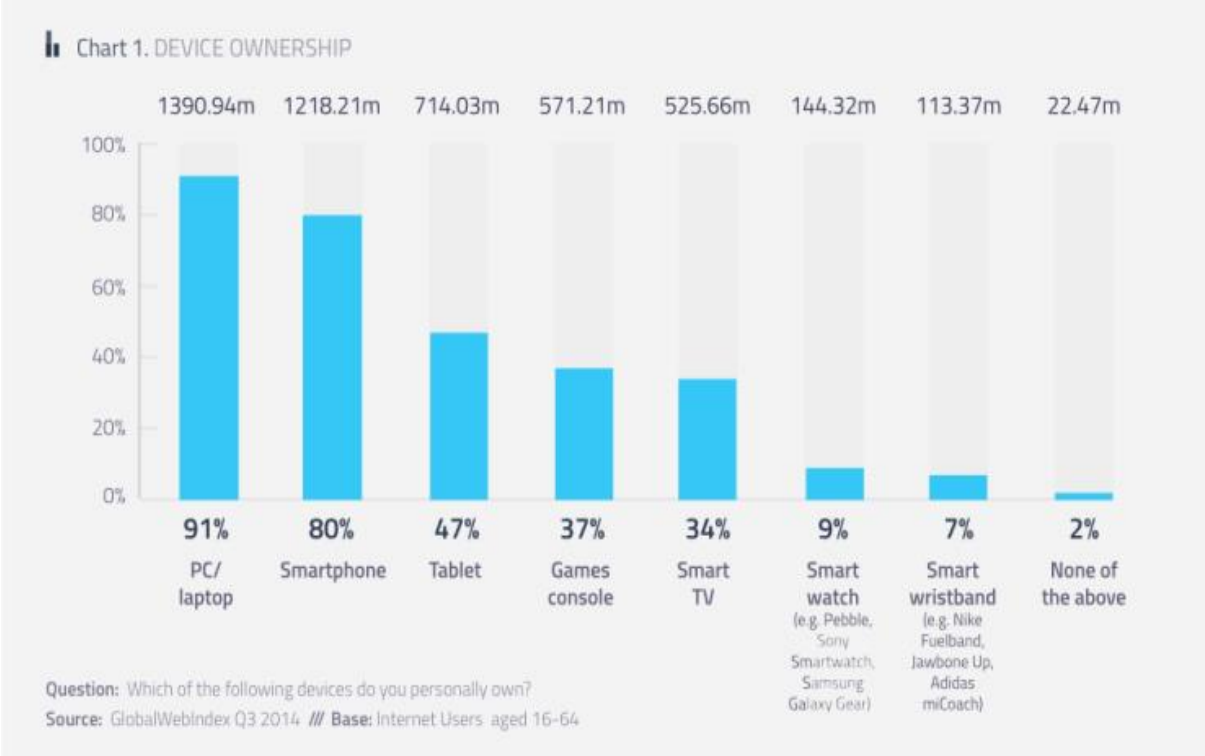
PART E: Please complete the questionnaire by indicating your loyalty to the digital travel agent service you booked your holiday. Please answer on a scale from 1 (Strongly Disagree) to 7 (Strongly Agree).

	Strongly Disagree ☹ ... Strongly Agree ☺
1. You will continue to use the same digital travel agent service in the future	1.....2.....3.....4.....5.....6.....7
2. You will recommend the digital travel agent service to others	1.....2.....3.....4.....5.....6.....7
3. The digital travel agent service will be your first choice in the future	1.....2.....3.....4.....5.....6.....7
4. The digital travel agent service provider will be commented positively by word-of-mouth	1.....2.....3.....4.....5.....6.....7
5. You are confident that the digital travel service will continue to offer high quality service in the future	1.....2.....3.....4.....5.....6.....7
6. In your future bookings you will compare with other alternative digital travel agent services	1.....2.....3.....4.....5.....6.....7
7. You feel that you have built a long term relationship with the digital travel agent	1.....2.....3.....4.....5.....6.....7
8. The digital travel agent service will be highly suggested to your social network	1.....2.....3.....4.....5.....6.....7
9. You would nominate the digital travel agent service for a service quality award	1.....2.....3.....4.....5.....6.....7
10. The digital travel agent customer service will be highly mentioned to your peers	1.....2.....3.....4.....5.....6.....7

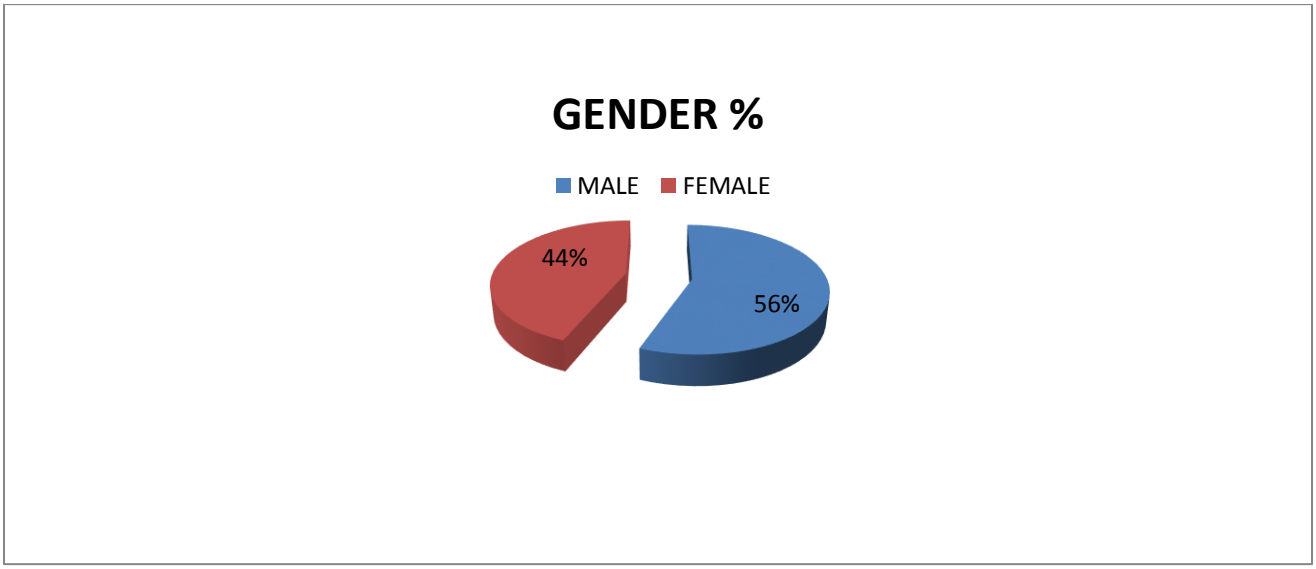
Appendix 3: Internet Users and Penetration Worldwide, 2013-2018



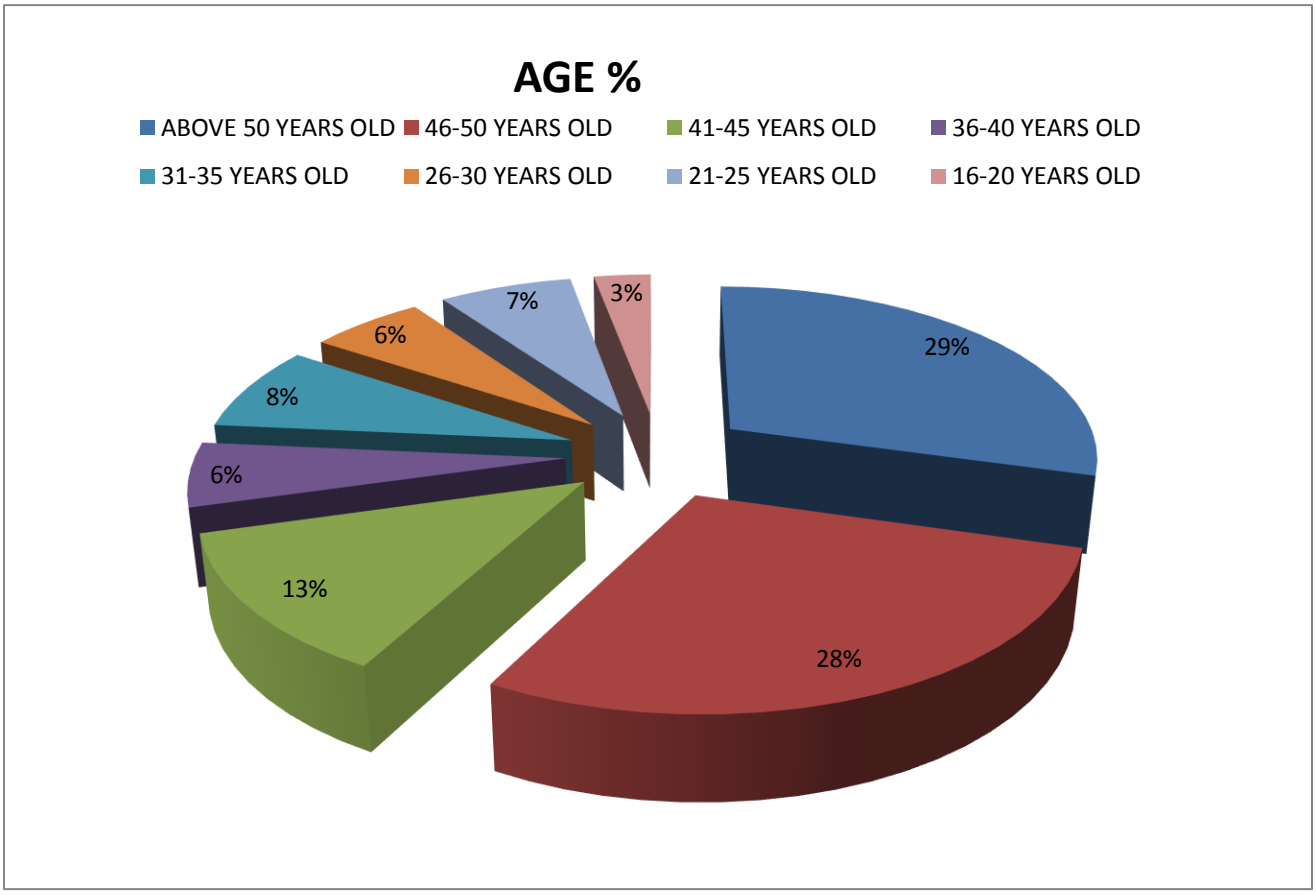
Appendix 4: Device Ownership Survey



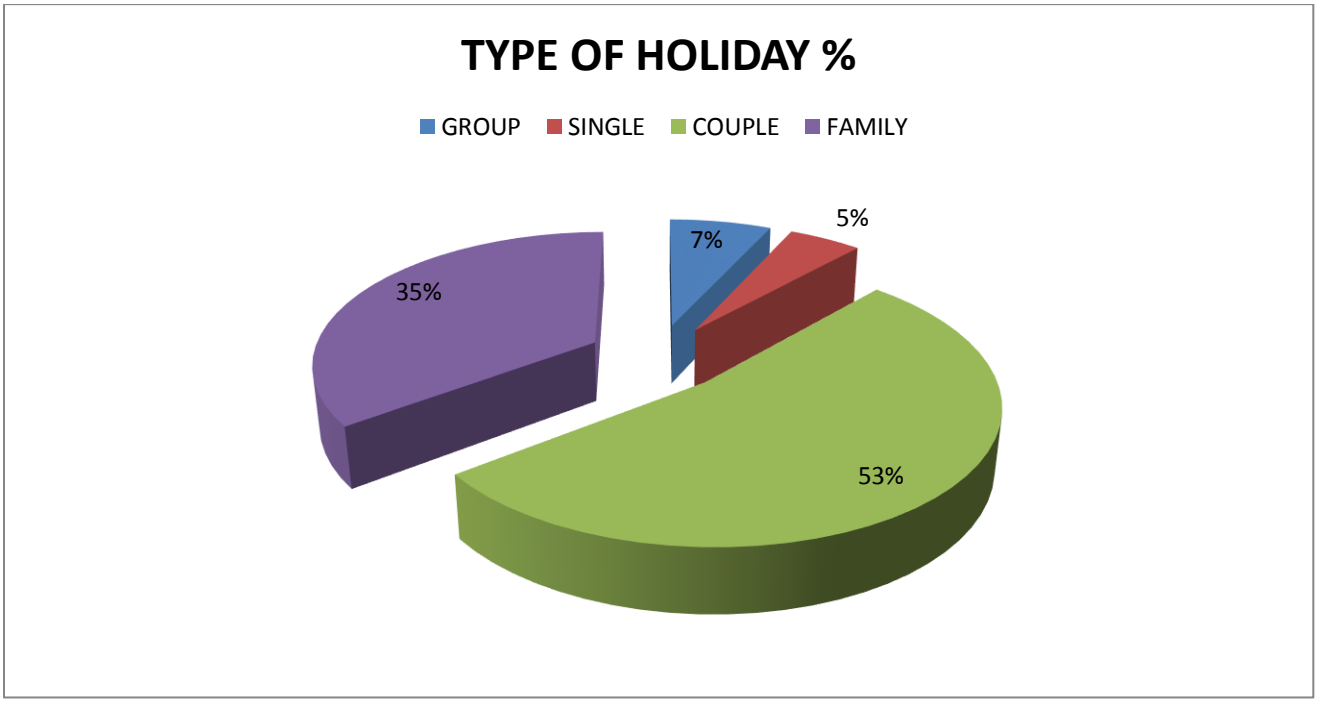
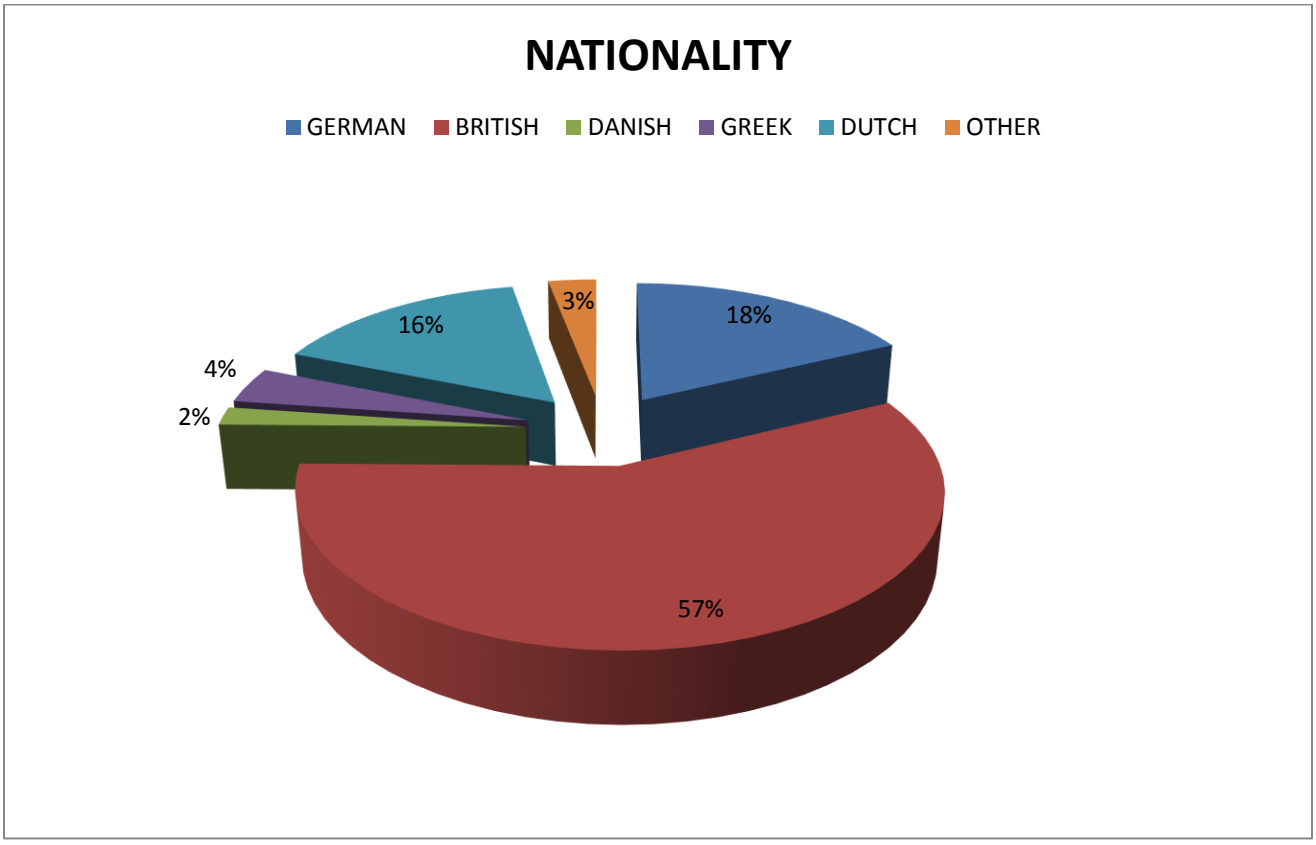
Appendix 5: Survey Participants Demographics Gender



Appendix 6: Survey Participants Demographics Age



Appendix 7: Survey Participants Demographics Type of Holiday



Appendix 8: Survey Participants Demographics Nationality