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Next Steps in SERVQUAL - Adjusting to Digitalization of Services

Marketing

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Table of Contents

Table of Figures

1. Introduction

Web-based service market places have been established as the fast-growing Internet technology has facilitated e-commerce platforms that enable buyers of services to connect with service providers in various different fields (Banker & Hwang, 2008). With the birth of e-commerce, it has become important to be able to monitor and enhance web-based service quality (Li et al., 2002). Ongoing attempts to understand the dynamics of service in an online context have indicated that service quality is related to customer satisfaction (Luo & Lee, 2011) and loyalty (Chang & Wang, 2008). Therefore, it is important for firms to identify factors that contribute to e-service satisfaction and perceived value (Zhang et al., 2006).

E-service has been constantly evolving to incorporate new and continuous technological innovations. E-services must meet customers' increasing expectations while at the same time adapt to the unique features of the Internet in order to gain user acceptance. E-service providers have realized the importance of satisfying customers. (Zhang et al. 2006) Therefore, identifying the factors that create customer satisfaction with e-services is critical. Even though there are numerous studies on service quality in physical settings, e-service lacks empirical research (Zhang et al., 2006). Since e-service quality and perceived value of websites are regarded as the key influential factors for internet marketing (Chang & Wang, 2008), it becomes necessary to research the phenomenon more thoroughly.

To examine factors affecting customer satisfaction with e-services, I conducted a survey. The questions were based on existing studies on both perceived service quality and characteristics of e-commerce. The goal was to find out which factors affect customer satisfaction in an online service context. For the study I interviewed ten consumers on their expectations and experiences from online travel agencies. These results were compared to interviews conducted with eight travel agency representatives from four different travel agencies. The results indicate that some modification to existing theory is needed and new dimensions should be considered when measuring e-service quality.

2.1. Research Problem

The most successful electronic companies are beginning to realize that not only low price and web presence but also delivering of high e-service quality becomes important when attracting customers (Chang & Wang, 2008). The goal of this paper is to develop a service quality framework for web-based services by refining the original SERVQUAL model by Parasuraman et al. (1985). The original model was created to examine service quality gaps that may occur in the process of services. However, the framework was developed for face-to-face service transactions and therefore seems not to be applicable for online context.

I have formed my research question as follows:

How the SERVQUAL model could be adjusted to digital service environment?

More specifically, I want to find out:

Which dimensions of SERVQUAL remain applicable in an online service setting and which dimensions need modification?

How does the shift from traditional face-to-face service to online interaction affect the gaps of SERVQUAL?

To better understand the dimensions that affect online service quality I will first map out what previous studies have found to determine service quality and customer satisfaction, especially in e-service. Then I will identify the differences between web-based services and traditional communication channels. Finally, I will develop a conceptual framework to measure web-based service quality in the field of travel agencies. The development of this framework will be done by using the SERVQUAL model and its existing dimensions as a starting point. It is modified based on the service quality factors specific to an e-service setting found by other researchers. By conducting a survey, I will identify web-based service attributes and dimensions and adapt them to the existing model.

I have chosen the travelling industry as the setting for my study, as the quality of service and customer satisfaction plays a key role. Returning customers are gained through superior service quality. Perceived service quality and customer satisfaction are critical requirements for ensuring purchase, customer loyalty and competitive advantage.

2.2. Relevance of the Study

Service quality is fundamental to effective delivery of services. However, measuring service quality and customer satisfaction is a sensitive and complex task. Surprisingly, economic theories are unclear on how customer satisfaction affects the financial performance of the company. Studies have found mixed results on how the customer satisfaction improvements have affected returns and stock value.

Improving customer satisfaction has been found to increase customer loyalty, reduce price elasticity, decrease marketing cost through word-of-mouth advertising, reduce transaction costs and enhance company reputation. According to Yuksel and Rimmington (1998) and Ranganathan and Ganapathy (2002), ability to evaluate customers' satisfaction and acting upon it creates a competitive advantage.

Some evidence has also been presented regarding a link between customer satisfaction, customer relationship continuity and the performance of the firm (Selnes 1998; Bolton 1998; Anderson & Fornell 1994). Ittner and Larcker (1998) found out that benefits from increased customer satisfaction might take a while to realize. Yet, when they do, they create a long-term advantage, which might not be identifiable from the financial measures. Ittner and Larcker (1998) also found statistical significance for increased customer satisfaction leading to higher customer retention and growth, increased revenue and financial performance. Therefore, customer satisfaction metrics should be included in internal performance measurement and compensation plans.

With the birth of the internet, several service sectors have suffered from online self-service possibilities making the role of a customer servant insignificant. Chang & Wang (2008) report that consumers have increasingly favored online shopping, since they seek more and more control in their timing and process of conducting transactions and interacting with businesses (Yang et al., 2010). Customers seek for cost cutting, effort savings and freedom. Therefore the traditional service providers need to update knowledge on service quality in order to provide customers with superior services. Also, as the availability of internet access has increased, the online population has multiplied exponentially and changed the way service sectors think about customers, since buying power an information are now in the hands of the consumers (Smith & Rupp, 2004).

Smith & Rupp (2004) point out that constant improvement in operational effectiveness is necessary to achieve superior profitability. Established companies need to create new online businesses while new ventures are exploiting the opportunities the internet provides (Amit & Zott, 2001). Internet as a market place offers new opportunities for wealth creation. Therefore, conventional theories of how value is created are being challenged (Amit & Zott, 2001).

3. Literature Review

Emerged in the USA in the 1980s with the ever-growing service sector, service quality is a relatively new academic discipline. When the manufacturing sector declined in economic importance and the service sector grew, service quality became a key management issue. (Desai, 2011) Interest in service quality has increased substantially in recent years (Li et al., 2002). The economic importance of service quality to management is crucial with more and more demanding consumers and a pressure to differentiate from competitors. To gain competitive advantage, understanding service quality, its measurement and its meanings to both the customer and the company, is mandatory.

3.1. Service Quality

Service quality is an important issue in marketing of services due to the fact that both production and consumption of services occur at the same time involving both the provider and the customer and also due to the intangible nature of service (Desai, 2001; Banker & Hwang, 2008). Li et al. (2002) note that there is no value in the product or service until it is in the hands of its customer. Parasuraman et al. (1990) note that services are provided in an inconsistent fashion because they are actively constructed by human beings at the time and point of delivery. Customer service is determined by the interaction of all those factors that affect the process of making services available to the customer (Christopher, 1998). The specific nature of service makes it difficult to provide, measure and maintain the quality throughout the whole service performance. Since services cannot be standardized, it is very difficult to present services on quality dimensions (Desai, 2011).

Measuring customer service experiences is a phenomenon widely discussed in marketing literature. While there does exist a lack of empirical research on customer satisfaction related to e-services,

marketing theories provide an appropriate background for a starting point. Before conducting any empirical research, I reviewed the marketing literature related to service quality.

3.1.1. Traditions in Service Quality Literature

Service quality seems to include different aspects and dimensions depending on the author and study method. However, the researchers agree that the emphasis of measuring customer service experience should be on the customers of a given company. To evaluate the satisfaction of service outcome, customers compare their expectations with the perceived outcome of the service action (Oliver, 1980) This, however, is not a simple task, since service quality is a multidimensional concept (Markovic, 2010) and customers may have difficulties in precisely articulating their expectations (Li et al., 2002). To fully understand service quality, the three well-documented characteristics of services – intangibility, heterogeneity and inseparability – must be acknowledged (Parasuraman et al., 1985).

Among others, Grönroos (1984) contributed to the research of measuring customer service experience by outlining two dimensions of service quality: technical quality and functional quality. Technical quality involves the tangible product of the service whereas functional quality is the manner in which the service is delivered. This is seen to be a very important dimension of perceived service quality. However, Grönroos points out that the two quality dimensions are interrelated and the importance of image should be recognized.

Yuksel & Rimmington (1998) define measuring consumer satisfaction as post-consumption evaluative judgment concerning a product or a service. This relates closely to the Expectancy-Disconfirmation paradigm that Oliver (1980) discusses. According to Oliver's theory customers perceive service quality as the difference between the actual service performance and their own pre-service expectations. The outcome is positive if the service performance exceeds customer's expectations and negative if it does not. A neutral feeling is generated when the service performance matches or comes close to the expectations.

It is well established in marketing literature that satisfaction leads to loyalty and that loyalty reflects in repeating the purchase of services from the same provider (Zhang et al., 2006). After the rise of the importance of service quality, Parasuraman, Zeithaml & Berry developed an instrument for the

purpose of evaluating if the customer perceptions meet the provided service quality in service and retailing organizations. This instrument, SERVQUAL, was originally introduced in 1985, and it has been further developed by the same authors (1988, 1990, 1991 & 1994) as well as cited and also criticized by several other researchers. Due to the large number of citations and further research, it can be stated to be one of the main research instruments of service quality measurement. According to the authors (Parasuraman et al., 1990), SERVQUAL is universal and can be applied to any service organization to assess the quality of provided services. However, it must be adapted according to the most important determining factors: reliability, tangibility, responsibility, security and empathy, as proposed by Parasuraman, Zeithaml and Berry in 1985.

Services are intangible and therefore multiple dimensions of the service provider's quality are relevant (Banker & Hwang, 2008). Marketing literature identifies these dimensions. However, the definitions may vary depending on the researchers. Lehtinen and Lehtinen defined service quality as "formed by the qualitative levels of a service on different dimensions of the service production process" (Lehtinen & Lehtinen, 1991). These dimensions are physical quality, interactive quality and corporate quality. Physical quality consists of the physical product and the physical support. Interactive quality originates from the interaction between the customer and the interactive elements of the service organization. Corporate quality is developed during the history of the service organization. It is symbolic in nature and deals with the fact on how customers and potential customers see the corporate entity, company or institution, its image or profile.

Lehtinen and Lehtinen (1991) also established a two-dimensional quality approach. This approach looks at the service quality more clearly from the customer's point of view as a two-dimensional phenomenon: process quality and output quality of service production. This is closely related to Grönroos' two quality dimensions. Process quality is "the customer's qualitative evaluation of his participation in the service production process" (Lehtinen & Lehtinen, 1991). It is therefore customer's subjective judgment and based on how the customer sees the service production process and how well he feels himself fitting into the process. The output quality is "a consumer's evaluation concerning the result of a service production process" (Lehtinen & Lehtinen, 1991). The output quality may be divided into two categories: Tangible and intangible. Both output qualities may also be evaluated by other people around the actual customer and are therefore not personal. Like the corporate quality, the output quality of any service production process is being created during the whole transaction.

Brakus et al. (2009) constructed a brand experience scale that includes four dimensions: sensory, affective, intellectual, and behavioral. They agree with previous studies (e.g. Brakus, Schmitt & Zhang 2008) on the fact that experiences arise in a variety of settings when consumers search for products, when they shop for them and receive service, and when they consume them. Brakus et al. (2009) claim brand experience to be ”subjective consumer responses that are evoked by specific brand-elated experiential attributes in such settings”.

3.1.2. SERVQUAL

Parasuraman et al. (1990) describe perceived service quality as the extent to which a firm successfully serves the purpose of customers. Furthermore, customers determine the perceived value of service based on their experience with the service delivered. This evaluation is thought to involve a customer's subjective comparison of what he or she is expected to receive and what was actually provided. Satisfaction is likely to occur if the provided service was perceived to be equal to or more than the customer expected. Similarly if provided service is perceived to be less than expected, dissatisfaction is likely to occur. Customer satisfaction is however multidimensional. Quality of service is related to costs, profitability, customer satisfaction, customer relation, behavioral intention and positive word-of-mouth. (Desai, 2011).

Parasuraman et al. (1985) discuss about the difficulties in service quality assessment. They propose that service quality is more difficult for the consumer to evaluate than goods quality. In the absence of tangible evidence to evaluate quality, consumers rely on cues. Service quality perceptions result from a comparison of consumer expectations with actual service performance. Furthermore, quality evaluations are not made solely on the outcome of service. They also involve evaluations of the process of service delivery.

The SERVQUAL model contains 22 items for assessing customer perceptions and expectations of the quality of service. A level of agreement or disagreement with a given item is rated on a five-point scale (strongly disagree – strongly agree). According to SERVQUAL, the customer assessments of the service quality are divided into the five following categories:

Tangibles: The physical facilities of a given company and the equipment used in service encounters need to be visually appealing and modern in order to gain maximum satisfaction. If materials are

used in the transaction, they should meet the quality standards of the customers. Also, the staff is expected to look neat and polished.

Reliability: The company is expected to perform the promised service dependably and accurately. Excellent companies will perform the service right first time and aim at error free records. If customers encounter problems, companies should be able to show sincere interest in solving them.

Responsiveness: The service staff should be willing to help customers and provide prompt service. While performing the service, customer should be informed when and how everything is done. The employees of excellent companies are always willing and never too busy to help customers.

Assurance: All customer questions should be answered with knowledge. In order for the customers to feel safe in the transactions, the employees must inspire trust and confidence in customers as well as courtesy.

Empathy: The customers need to be served individually and given as much personal attention as needed. Customers must get the feeling that their specific needs are understood and taken care of as well as possible. Furthermore, the operating hours must be convenient to all of the customers of a given company.

Table 1. Dimensions of SERVQUAL Model.

Tangibles	- physical facilities - modern equipment - staff appearance - provided materials
Reliability	- accuracy - quality of information - dependability - timeliness - customer service
Responsiveness	- willingness to help - time to help - promptness - information about the service (how, when)
Assurance	- trust for the employees - adequate support - safety - courtesy
Empathy	- personalization - individual attention - knowledge of the customer needs -staff's empathy - convenient opening hours

SERVQUAL is based on the perception gap between the received service quality and the expected service quality. The first four gaps may occur inside the service organization. These problems cause the fifth gap, which is the difference between customer's expectations and perceived service quality (Carman, 1990). The possible gaps are demonstrated below:

Gap 1: *The distance between what customers expect and what managers think they expect.*

This gap occurs when the customer expectations differ from what managers think they expect from the service. To narrow this gap, constant surveys of customer expectations are needed.

Gap 2: *The distance between management perception and the actual specification of the customer experience.*

This gap occurs when there's a difference between the management perception and the actual specification of the customer experience. To narrow gap 2, companies must define correctly the level of service needed. This burden is ultimately on the managers' shoulders.

Gap 3: *The distance between the experience specification and the delivery of the experience.*

This gap occurs when the service delivery falls short from the experience specification described in gap 2. To avoid this happening, constant monitoring of the customer experience is needed. The current customer experience needs to be updated to live up to the expectations.

Gap 4: *The distance between the delivery of the customer experience and what is communicated to customers externally (for example via ad campaigns).*

This gap occurs when the companies exaggerate their abilities concerning the service experience. They might communicate the best case scenario rather than the likely case which results in higher customer expectations that cannot be fulfilled. This leads to unsatisfied customers.

Gap 5: *The distance between a customer's expectation of the service and the perceived service experience.*

The quality problems discussed above cause the fifth and final gap in service, which is the difference between customer expectations of service and perception of the received service. The authors define this difference as service quality. Customer expectations are formed by multiple factors, e.g. word-of-mouth, past experiences, personal needs etc. For companies to be able to meet the expectations and provide service that is perceived adequate constant surveys of both the customer expectations and the perceived service are needed.

Figure 1. The SERVQUAL Model (Parasuraman & Zeithaml, 1991)
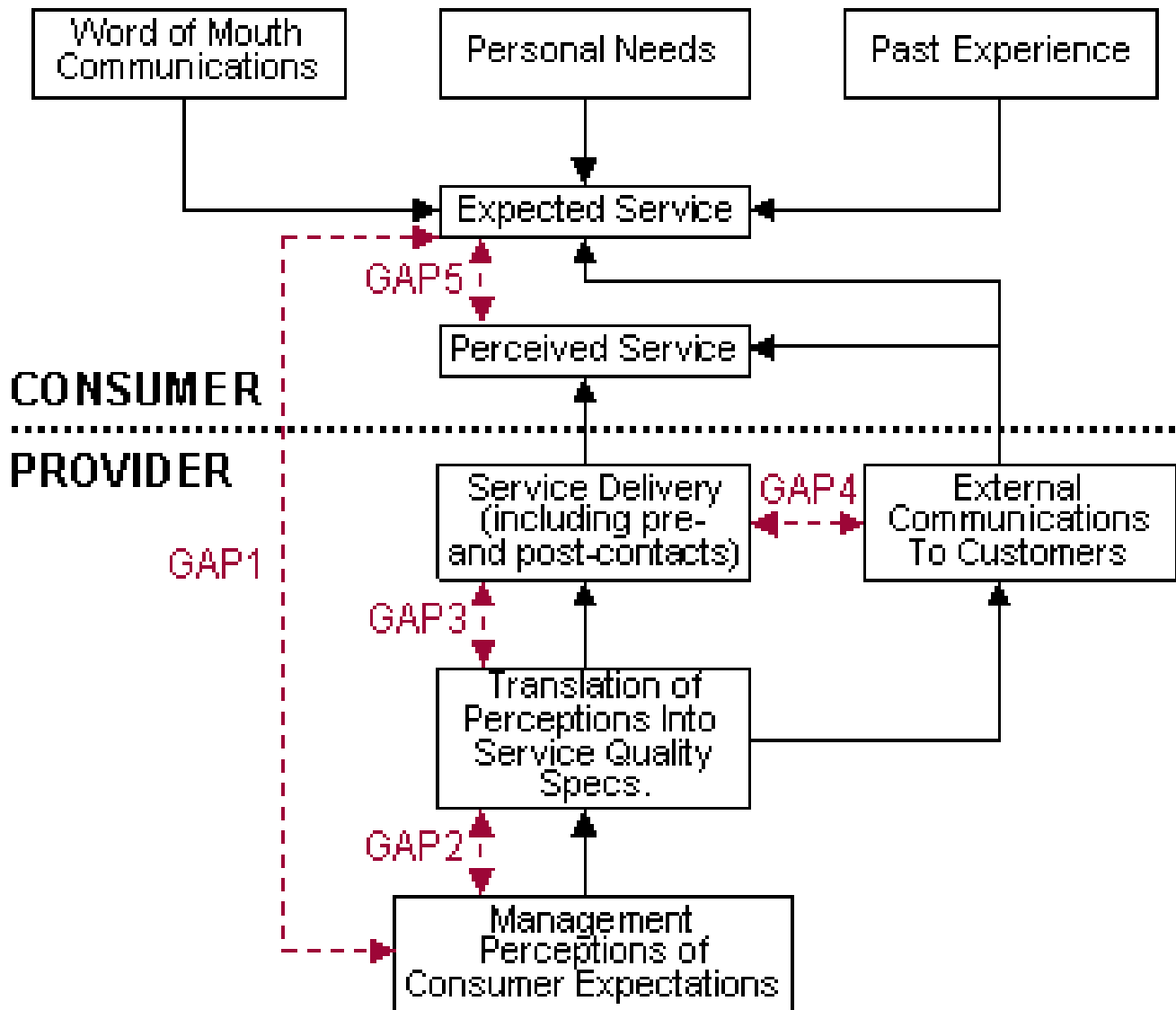
Even though SERVQUAL has been used for several service quality studies around the word, it has also been criticized for its basic assumption that the expectations of consumers are measurable. Some authors claim that consumers may not even have expectations or they may change during the service performance. Li et al. (2002) claim that especially web users have difficulties in precisely articulating their expectations. They also discuss about the difficulties in measuring absolute customer expectations due to the mutual influences of expectations and perceptions. Cronin and Taylor (1992) also challenge the SERVQUAL model. They questioned its conceptual basis and

found it confusing with service satisfaction. Therefore, they developed a performance-based alternative to the SERVQUAL model. While SERVQUAL is based on the expectations of the customer, SERVPERF focuses on the performance aspect.

3.2. E-Services

Internet enabled self-service technology has become a business necessity, rather than a means for companies to gain strategic advantage (Yang et al., 2010). E-commerce is often understood very narrowly to mean only retailing over the internet or the activities of firms whose sole presence is on the internet (Zwass, 2003). However, virtual markets refer to settings in which business transactions are conducted via open networks based on the fixed and wireless Internet infrastructure (Amit & Zott, 2001). Zwass (1996) defines e-commerce as the sharing of business information, maintaining of business relationships, and conducting of business transactions by means of telecommunication networks. Ruyter et al. (2001) define e-service as an interactive, content-centered and Internet-based customer service, driven by the customer and integrated with related organizational customer support processes and technologies with the goal of strengthening the customer service provider relationship. Zhang et al. (2006) specify e-service to be an integration of business processes, policies, procedures, tools, technologies, and human efforts to facilitate both assisted and unassisted customer services using the internet and other networks. The goal of e-service is to provide customers a highly satisfactory experience that achieves many of the traditional service objectives while simultaneously providing faster service delivery via nearly instant communication with users (Parasuraman & Berry, 1985).

The adoption of e-business comes with its own challenges. Wang and Cheung (2004) point out that a company needs to undergo a number of business process changes as well as significant financial investments in such areas as computing and networking infrastructure and human resource management. Zwass (2003) notes that e-commerce is not only based on developments pertaining to the web, but also on prior technological and organizational developments arising from the combination of telecommunications and computing. He lists inter-organizational information systems, standards for exchanging business documents, such as electronic data interexchange, distributed database management systems, and collaboration technology as the most important of these.

Measuring quality within online services has been an issue in academic studies since business conducted over the Internet has grown rapidly in the twenty-first century. E-business has the potential of generating tremendous new wealth and at the same time transforming the rules of competition for established businesses in new ways (Amit & Zott, 2001). E-service can also improve service quality while at the same time creating substantial savings for the providers by opening new revenue streams, lowering costs, improving customer satisfaction, and attracting new customers. Zwass (2003) also mentions organizational innovation and marketplace competition as opportunities furnished from the use of e-commerce. However, the effectiveness of e-service depends on the perceived quality of the provided service and the level of satisfaction customers experience when they interact with the systems. Users of e-services expect access to a reliable system at any time and demand that the systems provide them what they want and need. (Zhang et al., 2006)

2.1.1. Characteristics of E-Service

Since the traditional service quality measurement techniques are designed for face-to-face interactions, challenges arise when the transactions are conducted in an online environment. With the birth of internet, there has been a pressing need to establish some means of measuring and improving e-service quality. The challenges in measuring web-based service quality arise from differences between web-based and traditional customer service as well as the complementary functions of these two channels (Li et al., 2002).

Even though the academic research on e-business is still sparse, several papers have tried to identify the unique features of virtual markets. Zhang et al. (2006) point out that traditional services and e-services provide different delivery channels and different methods for customer interactions. When using traditional services, the customer must physically go to the store within the opening hours or call home delivery to receive service and communicate with service representatives. With e-services, the service is available at any time and place. They also note argue that a fundamental difference between e-services and traditional customer service is the concern for security. Security concerns arise, when customers are required to provide personal information online. Yang and Jun (2008) highlight the possibility for instant price comparisons on the Internet, which is critical when attracting new customers.

Li et al. (2002) found two principal differences between web-based services and traditional communication:

Bi-directional many-to-many communication versus uni-directional one-to-many communication. An online environment in service enables a bi-directional many-to-many communication instead of a uni-directional one-to-many communication. Customers can be both information receivers as well as providers.

Intangibles versus tangibles. The primary role of web-based customer service is to provide information on the Internet, turn customer information into products, and monitor market and customer behaviors. Although information itself is intangible, information quality can be defined, such as accurate, relevant, up-to-date, timely, and easy to locate. The tangibles, e.g. the physical facilities, equipment, appearance of personnel, loose importance due to the absence of physical and face-to-face interaction.

Amit and Zott (2001) listed the unique characteristics of virtual markets: high connectivity (Dutta & Segev, 1999), a focus on transactions (Balakrishnan et al., 1999), the importance of information goods and networks (Shapiro & Varian, 1999), and high reach and richness of information (Evans & Wurster, 1999). Reach refers to the number of people and products that are reachable quickly and cheaply in virtual markets. Virtual markets have an enormous reach because of the lack of geographical boundaries. Richness refers to the depth and detailed information that can be offered, received, and exchanged between the actors on the market. More information about products and services become instantly available to customers. Other characteristics of virtual markets include ease of extending one's product range to include complementary products, improved access to complementary asses, new forms of collaboration among firms, the potential reduction of asymmetric information among economic agents through the Internet medium, and real-time customizability of products and services (Amit & Zott, 2001). Surya (2005) found out that internet has enhanced the flexibility and convenience of companies' business activities and enabled the introduction of cost cutting strategies. She also reported that internet has assisted companies to reach a large number of potential new customers as well as to promote their products domestically and internationally.

E-commerce has the potential of fulfilling several customer needs more effectively and more efficiently compared with the conventional shopping (Chang & Wang, 2008). However, web-based service quality should not be assessed isolated from other traditional media because customer experiences of service delivery are dependent on a combination of both of these kinds of

communication (Li et al., 2002). Integration of web-based services and traditional channels will provide good levels of online customer services (Li et al., 2002).

2.1.2. E-Service Quality

Service quality is an elusive and abstract construct that is difficult to define and measure (Cronin & Taylor, 1992). Zeithaml, Parasuraman and Malhotra (2002) and Li et al. (2002) define e-service quality as the extent to which a website facilitates efficient and effective shopping, purchasing, and delivery of products and services. Even though the feeling of satisfaction is subjective (Lehtinen & Lehtinen, 1991) and services cannot be standardized (Desai 2011), researchers have identified several possible variables that may result in customer's satisfaction. Several studied have tried to modify traditional service quality and consumer satisfaction measurement metrics to online service encounters. Customers' assessments of website quality and e-service quality include their experience of interacting with the website as well as post-interaction service aspects that encompass core service quality and e-recovery quality (Luo & Lee, 2011).

Zhu and Lin (2010) acknowledged the fact that adequate frameworks for measuring website interactivity have been successfully constructed but criticized previous studies for failing at looking at the broader picture of e-service quality. They explored the antecedents of e-service quality by considering e-service quality dimensions as a dependent variable. They also examined the consequences of dimensions influencing consumers' loyalty intention based on e-service quality. The study was constructed around online banking services and the results indicated that perceived e-service quality of three key constructs and four dimensions. The identified three constructs are information, system quality and trust. These were found to play important roles as antecedents influencing the service quality in online business.

Luo and Lee (2011) investigated customers' perceptions of quality of e-service experiences and service satisfaction by applying a technology acceptance perspective to predict consumer behavior when purchasing airline tickets online. Their key findings indicate that "perceived trust and perceived usefulness not only play a key role in predicting customers' attitudes toward online shopping and purchasing intention but also in the moderating role of the perceptions of international travelers of e-service quality and service satisfaction for consumers who have used e-traveling services (Luo & Lee, 2011)". They identify efficiency, fulfillment, system availability and privacy

as core service quality factors. Parasuraman and Grewal (2000) list responsiveness, contact and compensation as e-recovery service quality factors.

Chang & Wang (2008) highlight the importance of paying attention to developing and improving the design of the websites, increasing the service quality by providing accurate service, strengthening the security of online transactions, and helping customers to resolve time-related problems such as long waiting and response times. Keating, Rugimbana and Quazi (2003) also found website design, reliability and privacy/security as the elements of service quality in e-commerce. These factors lead to increased consumer trust and loyalty to that particular service (Luo & Lee, 2011).

Zhang et al. (2006) identified several factors affecting e-service customer satisfaction. Their study concluded that user satisfaction toward e-services is affected by perceived convenience, perceived security, and user characteristics such as self-efficacy, tolerance level, demographic variables and prior experiences. Perceived convenience includes attributes such as ease of learning, controllability, clarity and understandability. The concept of convenience may be difficult to define and understand. However, the importance of it to the consumer is significant. It can also include dimensions such as less waiting and effort savings. Seiders et al. (2000) also propose that ease of search could also translate to convenience. Perceived security refers to freedom of risk or doubt during the service process. Zhang et al. (2006) found evidence that consumers' confidence in online transactions affect consumer satisfaction, which is related to site commitment and actual purchase behavior.

Desai (2011) found out that service organizations ascertain quality by making a combination of the following variables: costs, profitability, customer satisfaction, customer relation, behavioral intention and positive word-of-mouth. Sohn (2000) proposed that the significantly important service quality dimensions are trust, interactiveness, ease of use, content/functionality of web sites, reliability, and speed of delivery. Liu and Arnett (2000) determine e-service quality based on the four following factors: information quality, system use, system design quality, and playfulness.

Mittal and Katrichis (2000) argued that those attributes of service quality that are important to new customers might not be the ones affecting loyal customers' satisfaction. Yang and Jun (2008) found interesting results on e-service customer behavior: When examining the relative importance of each dimensions affecting e-service customer satisfaction, the most important factor for Internet purchasers was reliability while for the non-purchasers the critical concern was security.

Kaynama (2000) assesses the service quality of online travel agencies based on content, access, navigation, design, response, background, and personalization and customization. Chang & Wang (2008) stated web site design, reliability (accurate service), security and customer service as the main factors for perceived value of service.

Few researchers have even attempted to apply SERVQUAL to measure web-based service quality. Li et al. (2002) found out that items formerly loaded on the five dimensions of the SERVQUAL model present a poor overall fit and therefore the model is not completely generic and stable. They encouraged others to consider new items related to web-based services, such as suitable infrastructure and site design to provide availability and responsiveness to information requests, the suitability of software to support customer service, and the attributes of information quality needed for website content. They redefined the original SERVQUAL dimensions and identified two additional dimensions to better represent the new dimensions related to the web-based services. The new dimensions that they found are *Quality of information* (The attributes of information contained in E-mails or websites) and *Integration of communication* (Complementary function of traditional communication media to the digital media).

Sullivan and Walstrom (2001) adapted SERVQUAL on the service quality of e-commerce websites. They argue that in order to use the SERVQUAL instrument with e-commerce, the wording of the measures would require modification to make them relevant to the business-to-consumer e-commerce environment. Because e-commerce web-sites have different characteristics than traditional business-to-consumer interfaces, they proposed that dimensions of service quality that would appear to possess the greatest difference between e-commerce and traditional interfaces, tangibles and empathy, are not as important as the other dimensions. Their findings indicate that respondents had the highest expectations on reliability. This includes timeliness of service, on-line help, accurate information and dependable service. Respondents also had high expectations on the quality of the tangibles that the retailers provide, i.e. availability of current merchandise and a visually appealing appearance.

Li et al. (2002) point out that modification of the SERVQUAL dimensions might be categorized as either theoretical or operational. The five original dimensions (tangibles, reliability, responsiveness, assurance and empathy) remain with only modification of items to suit different industries. When implemented in a particular service setting, the model should be modified through re-wording, adding, or removing some items. Li et al. (2002) propose that the five original dimensions can only

serve as a meaningful conceptual framework for assessing service quality, and modification of dimensions and attributes are subject to specific contexts.

4. Methodology

Previous researches have stated that depending on the setting, the SERVQUAL model needs some modification and rewording (Carman, 1990). I will conduct a semi-structured interview to find out exactly what the customers of online travel agencies expect and what kind of new dimensions are there to be found that affect their overall satisfaction. I chose semi-structured interview as my study method since the online environment of travel agencies is a completely new setting that changes the rules of the game completely. Therefore, as a researcher I needed to keep my mind open for unexpected answers. However, in order to tackle with all the aspects of the online travel business, I formed a set of start-up questions for the interviewees. To avoid misunderstandings, the interviews were all one in Finnish.

Tuomi and Sarajärvi (2002, p. 73) argue that the more open the research question is, the more natural it is to use observation, discussion and biographies as a method to gather data. They also state that when moving to a more formal and structural research layout, more experimental and structural surveys should be used. Interviewing is a way to collect data in face-to-face settings, using an oral question-and-answer format, which allows respondents to talk about issues in less direct but discursive manner (Payne & Payne, 2004, p. 129).

Semi-structured interviews are purposed to gather quantitative and qualitative information from a sample of a population. They are also used for finding out general information to specific issues as well as gaining a range of insights on specific issues. Semi-structured interviews are characterized by flexible, conversational, two-way communication (Yates, 2004, p. 156). Interviewing is a way to collect data as well as to gain knowledge from interviewees. It enables all participants to get involved and express their own views and interpretations of the phenomenon (Cook & Reichardt, 1979, p. 44). Interview literally means to develop a shared perspective and understanding (a view) between (inter) two or more people, i.e. a shared understanding of the topic under discussion (Yates, 2004, p. 156). The researcher can explain or rephrase the questions if respondents are unclear about the questions (Tuomi & Sarajärvi, 2002, p. 75). For the interviewee a less intrusive feeling might help to open up easier. Semi-structured interviews can be used both to give and

receive information. The information gathered from semi-structured interviews will provide also backgrounds and reasons for the answers given (Tuomi & Sarajärvi, 2002, p. 74). Interviews also enable the researcher to gather information not only from *what* is said but also *how* it is expressed (Tuomi & Sarajärvi, 2002, p.76).

Semi-structured interviews are non-standardized and are frequently used in qualitative analysis. The ordering of the questions is less important and the interviewer is free to probe areas of interest or follow participant's interests and concerns (Yates, 2004, p. 165). I did not have a hypothesis to test. Therefore, I decided not to do a quantitative study since at this point I am not interested in finding out the relative importance of each dimension. I am merely interested of what new dimensions appear to be important for e-service users and the qualitative reasons behind the factors.

4.1. Research Context

"The advancement of technology such as the internet and e-commerce has changed the fundamental role and tasks of a travel agency in dismissing its products and services in the market place. The role of the travel agency has become a major focus since the internet is widely considered to be an agent of transformation within the travel industry." (Surya, 2005)

Traditionally, the challenges in ensuring customer satisfaction in the travelling business come from the nature of the service. Customers are involved in numerous service encounters by various customer servants, which make it difficult to maintain a set level of service quality. This is especially troublesome, as the service encounter is mutually generated with customers themselves playing a large role in the service experience as well as interacting with the other customers.

To further complicate customer satisfaction initiatives, there are differences on customers' perception on quality between cultures, values and beliefs. This is especially true in tourism, as the expected quality and level of service differ, along with the expected nature of the vacation e.g. the amount and type of activities. Particular factors to service quality in tourism are ones related to the expertise of service personnel and the service setting. Chang and Wang (2008) found the expertise of the customer servants to be more important than the service setting, which includes the travel agency premises and personnel appearance. However, these factors cannot be neglected either.

The traveling industry has gone through an enormous change since the birth of the internet and is now one of the largest on-line seller (Wang & Cheung, 2004). The electronic ticketing system,

which initially allowed travel agencies to search for flights and hotels, are now in the hands of the customers. The customers are empowered to follow the lines of disintermediation and bypass the travel agency entirely (Smith & Rupp, 2004). Travel agencies are now in direct competition with airlines, hotels, car rental firms, and other hospitality service providers (Wang & Cheung, 2004).

The travelling industry is characterized by transparency: Consumers can compare prizes and quality ratings side by side from different airlines, hotels, car rental companies and entire packages. Of course, competitors could contaminate data and provide misinformation. (Smith & Rupp, 2004) For services, the assessment of quality is made during the delivery process, which gives the service provider an opportunity to either satisfy or dissatisfy the customer on each encounter (Shahin & Janatyan, 2011).

Internet has provided the companies within the traveling industry an opportunity to increase market share. Leveraging the internet for strategic advantage allows industries to develop strategies for mass customization through reach and richness options such as development of stronger business relationships, a greater degree of supply chain and distribution channel coordination, enhanced communication with various channels, and value-added customer service (Smith & Rupp, 2004). Smith and Rupp (2004) illustrate the transformation from a traditional value chain that includes the traveler, the travel agency, distribution systems (GDA=global distribution systems) and suppliers to a more complicated value network that besides the previous players also includes online brokers, direct suppliers, internet and computer reservation systems. Figure 2 presents the traditional value chain of a travel agency and Figure 3 illustrates the transformation of the traditional model by leveraging of the internet.
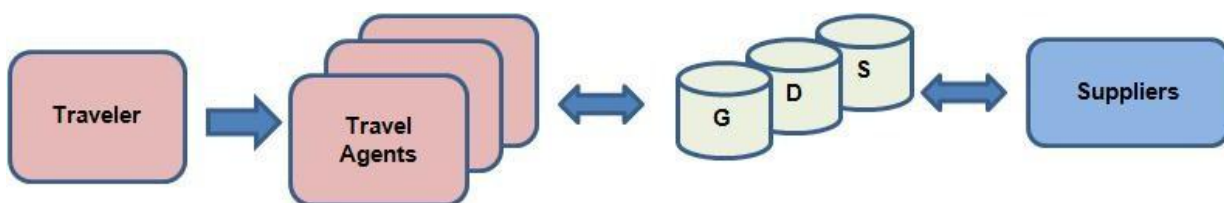

Figure 2. Traditional travel agents' general process for value (Smith & Rupp, 2004)
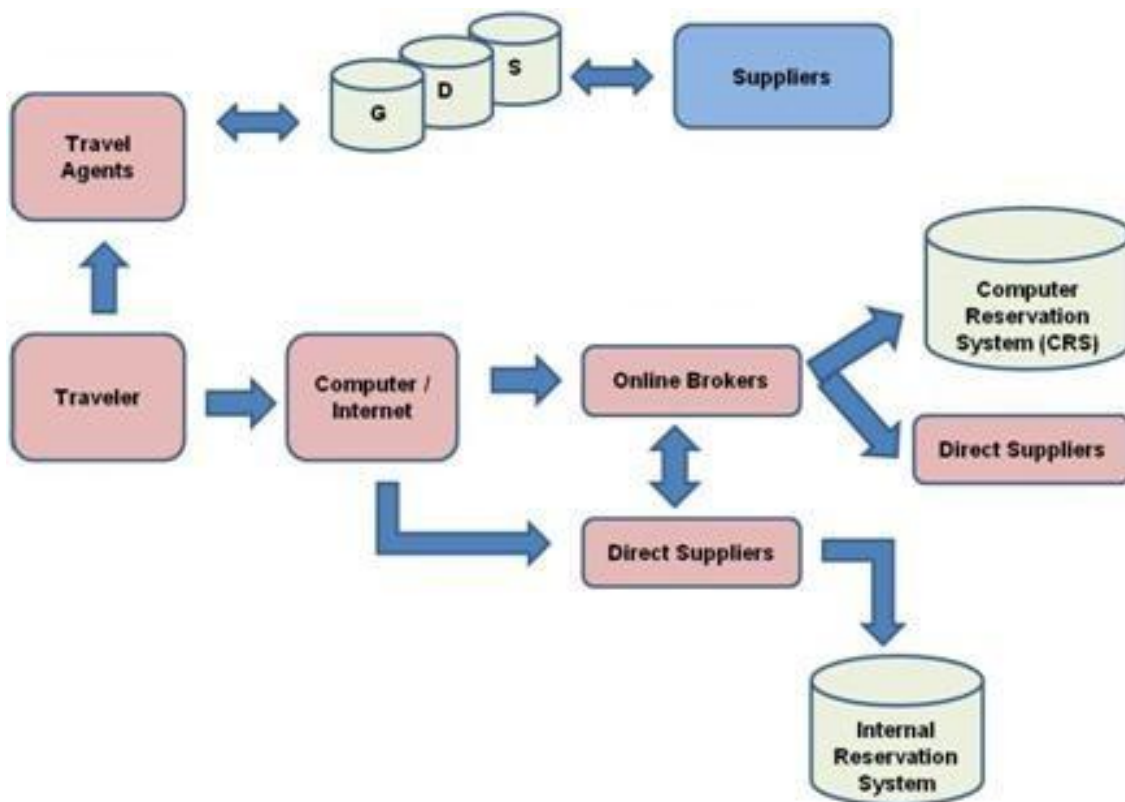
Figure 3. Transformation of the traditional travel model by leveraging of the internet (Smith & Rupp, 2004)

4.2. Research Design

Since the study is done with interviews, the sample size is smaller than with other SERVQUAL studies, which are mostly done by using a factor analysis (e.g. Carman, 1990). My data is gathered from eight interviews with travel agency representatives (managers and customer service staff) and ten interviews with customers. Interviewed customers were required to have experience of both traditional an online experience of travel agencies.

I interviewed ten customers of online travel agencies for their expectations and experiences of the provided services. I also interviewed eight representatives from travel agencies on their view of the service quality. The interviewees are introduced below (Table 2 &3).

Table 2. Presentation of the interviewees, customers.

Age	Sex	City	Education
55	Male	Helsinki	MSc
20	Female	Helsinki	High school
50	Female	Helsinki	MSc
24	Female	Oulu	BSc
26	Male	Espoo	High school
48	Female	Helsinki	BSc
22	Male	Helsinki	High school
25	Female	Espoo	BSc
24	Female	Helsinki	BSc
27	Male	Helsinki	DI

Table 3. Presentation of the interviewees, travel agency representatives.

Job title	Sex
Customer servant	Male
Customer coordinator	Male
Terminal manager	Female
Customer servant	Female
Commercial director	Female
Quality assurance manager	Male
Customer servant	Female
Customer service manager	Male

Webster and Wind (1972) stated that during a purchase decision, there are different factors that need to be considered. They classified the stages into three different stages: (1) pre-purchase quality (supplier and product evaluation), (2) purchase transaction quality, and (3) post-purchase quality. With online travel agencies, these become highly important. Therefore, the interviewees were asked questions to get an understanding which factors play a key role in each of the phases.

Consumers where asked questions about the reasons why they choose certain online travel agencies and what makes them switch vendor. I wanted to find out what kind of information and functions they expect to find on the website and what they require from the service in order to be satisfied. When consumer interviews aimed at finding out the online service quality factors affecting consumers' perceptions on received service, travel agency interviews concentrated around SERVQUAL and how travel agencies define service quality. Managers and customer servants were asked questions on the service quality measurement in the company and how it is processed in order to increase the amount of satisfied customers.

5. Findings

This study strongly suggests that refinement of the SERVQUAL model is necessary before applying it to a new context. As proposed by Li et al. (2002), the "tangibles" dimension in the original SERVQUAL model is not important in the context of web-based service quality measurement. Zhang et al. (2006) state that the dimensions of "reliability" and "responsiveness" remain applicable to an e-service environment. My results support their findings. However, the definition of each dimension is in need for some modification. Table 4 presents the definition of five dimensions of the original SERVQUAL model and the redefinition of them as well as proposed new dimensions. Each dimension is discussed in a more detailed fashion below.

Table 4. Modification of SERVQUAL dimensions for online services.

Dimension	Definition by SERVCUAL	New definition
Tangibles → System quality	- physical facilities - modern equipment - staff appearance - provided materials	- website design - content - usefulness - system availability - access - functionality - software suitability - navigation - speed - availability of merchandise
Reliability	- - accuracy - quality of information - dependability - timeliness - customer service	- efficiency - fulfillment - dependability - timeliness - online help
Responsiveness	- willingness to help - time to help - promptness - information about the service (how, when)	- responsiveness to information requests - compensation - interactivity
Assurance	- trust for the employees - adequate support - safety - courtesy	- information quality - trust - privacy - security - freedom of risk
Empathy → Convenience	- personalization - individual attention - knowledge of the customer needs -staff's empathy - convenient opening hours	- ease of use - ease of search - ease of learning - controllability - clarity - understandability - effort savings (time, money) - integration of communication channels

5.1. Tangibles → System Quality

As predicted earlier, the dimension of "tangibles" needs modification. The original SERVQUAL model lists the visual appeal of the physical facilities, service staff, materials and the equipment used of a given company as a factor for perceived service quality. With e-business, all of these lose importance since they cannot be seen. However, customers form perceived service quality from other factors instead. The new factors are completely unfamiliar to the traditional SERVQUAL

model. Therefore I suggest that the dimension of "tangibles" should be replaced with "system quality".

"Online I can compare different options from different travel agencies at one sitting. If I were to go to a traditional travel agency, I would wonder how much I would pay for someone else clicking the buttons for me and possibly not even informing me about all the options. I can finish the transaction on my own terms perfectly without waiting and so much faster. Furthermore, I normally do my research on times when the travel agencies are not even open. - - Internet is open 24/7."

"(When using an online travel agency) I feel that I am in control of the process. I can think that I am making a good decision, since I'm doing it without anyone trying to oversell for me in hopes of getting extra provisions. I can wait for the best offers and buy whenever I want to."

"I normally hate all sales people. By purchasing my trips online, I can avoid all human contact and pressure."

"I feel that best service is self-service. I enjoy the possibility of purchasing trips on my own terms."

When using travel agencies' online services customers seek for freedom, variety and effort savings: They want to be able to compare prices and different packages at one sitting. Customers want to have all the information available and feel confident that the price is the same for everyone. Many of the respondents felt that shopping travel packages online is cheaper, when the sales person does not take any commission. The customers want to do their booking when it best suits them. They do not want to be bound to other people's office hours. Some of the respondents even said that they surf through the travel sites just to get inspiration and maybe get some ideas for the future. They said that it would be humiliating to do that in front of a sales person. Customers feel that self-service is the best service. They want to do the booking on their own terms. All of the respondents said that one of the main reasons for booking their trips online is that they do not suffer from waiting in queues.

"I want the travel agency's website to be clear and informative. I want to be able to choose the filters myself and modify the results. - - The overall look of the site should be professional and the translation should be done correctly in order for me to trust the site."

"I hate when companies make their websites too complex. With self-service you cannot assume everyone to have the same skills as trained customer servants who use the systems all the time. - - I want the systems to work properly and effortlessly."

"I want the information on the site to be accurate and not hiding anything. I want the offering to match what is actually available. And I want to be able to compare the options from different angles, location, price, extras for example."

"Sometimes when I use a credit card to pay for my trip, the process lasts so long that the session ends. I'm always confused whether the booking is confirmed or not, if the money has left from my account or not and is the booking confirmed. The information hasn't necessarily been saved anywhere so I have to start all over again."

"I want the system be intelligent in a way that I don't have to put all my information in there over and over again if I change a minor detail in my booking. - - I wish there were more options on payments. It seems that sometimes they say that you can pay with Diners Club or Visa Electron, but when the time comes, turns out they don't work after all. I would also like to have more information of how many seats are left, so that I could prepare myself for not getting the trip if I don't act fast. I would also appreciate if I could see all the costs right away and not be surprised when the price goes up after the booking. I don't think the system is that stupid that I couldn't calculate the whole price. That way I could compare prices between different travel agencies easier."

"I hate when I'm trying to use a website but it doesn't work on that particular browser. Or if the website is design to look too fancy. I'm not there to admire the capabilities of the artistic designer, I'm there to check out the prices and travel options fast and easily. I don't want to waste my time in pointless surfing."

"As a user I want it to be clear to me, what I'm supposed to do (on the site.) I have no energy for going back to square one, if something goes wrong. I fear that all my information is lost, if I go back or press the wrong button."

A major factor causing irritation among customers seems to be unclear web site design. Since the main reason for using online travel agencies is effort savings, users lose interest, if the navigation and finding the information wanted takes too much time and effort. Customers highlighted the importance of clear and understandable structure in web site design. Since a trip for most customers is not something you do that often, the web sites should be design in a way that a first time user understands how it. Too complex functions may cause uncertainty and therefore prevent the purchase.

Another concern among the customers is the functionality of the software. If the internet connection is too slow or the website outlook is misplaced or not available, customers feel hesitated to give

their credit card information in fear of the transaction not to complete accurately. Few respondents mentioned pop-up advertisements as a factor that lowers functionality and therefore their overall satisfaction in the service.

Customers' uncertainty is also increased when they cannot see for example how many seats are left. They feel the stress to either buy the trip now or they might lose it. This takes away the advantage of assembling your trip from various different service providers. When the reservation is binding, the comparison of prices and availability has to be done at one sitting and preferably as fast as possible.

5.2. Reliability

Reliability in the original SERVQUAL model contains error free records, dependability and accuracy on the service. Reliability also means service staffs sincere interest in solving customers' problems. Based on the interviews, this seems to be an important dimension also in an online service setting. However, the way to achieve this is somewhat different.

"I'm thankful for the opportunity of being able to buy my trips without talking to anyone. However, I wouldn't do it on a site that doesn't have proper contact information just in case something goes wrong."

"With online services there is always a small risk, so the fact that they offer a local phone number, tells me that they are willing to help. I never use though, but the fact that it's there is more important. I also want a way to give feedback and see other users' experiences. Making this visible increases the site's credibility in my eyes."

"I don't trust the service unless I see something concrete happening. That would be an e-mail confirming my trip. I would prefer the confirmation letter to be sent also in the language of the country where I'm travelling to. I remember having to deal with a hotel in Barcelona with a confirmation letter written in Finnish."

"There are so many risks when purchasing something online. I fear that the booking didn't go through, the information is incorrect, something went wrong with the exchange of money or there are some unexpected costs that were printed on the bottom of the page."

"For me an e-mail address or phone number isn't enough, I want a street address where I can go and shout if something didn't go as promised. If the company has one, they most likely are not trying to avoid responsibility."

Customers of online travel agencies require efficiency and dependability from both the software and the company. Since it is difficult to start solving for example transaction errors or double bookings, the chances for those should be minimal. The customers need a letter of confirmation via e-mail when the transaction is completed in order to trust the company. This should be done immediately after the booking for the customer to feel fulfillment.

If problems or questions occur, customers want a channel to contact the company. Interviewees mentioned local phone number, existing street address and e-mail address as reliable channels for seeking help. Even if help is not needed, it seemed that for the interviewees only the information that there is a way to get it was enough to feel that the company is reliable.

5.3. Responsiveness

The original SERVQUAL model defines responsiveness as service staff's willingness to help customers and provide prompt service. The customer should be informed when and how everything is done. Since in e-business the company communicates to the customer mainly through the websites, being responsive becomes difficult. However, it appears that it still plays a key role in satisfying the customers.

"I want a way to contact the travel agency for questions and problems. And I want them to answer me immediately. Or at least give me information about the response time. I have seen those on other sites I think."

"I don't want the company to get away with misleading the customer. If there is an error on the site, they should take responsibility for it and make it up to me somehow."

"When using an agency specialized in bargains, I am worried that if the firm goes bankrupt or the flight is cancelled, who do I contact, how will it be compensated for me and who will pay me my money back. I would rather pay a little extra to avoid all this."

Since everything is done in a high pace over the internet, customers require rapid answers to information requests. For example, when contacting the company via their own websites, customers feel it useful, when the average response time for information requests is shown.

Even if online travel agencies rely on self-service, customers feel they need a possibility for interactivity with the company. They want the feeling of control for themselves as long as everything works as promised, but if something should go wrong, a way to communicate with the company should be provided. Furthermore, if an online customer contacts the company in case of errors, they want the same policy of compensation as with the traditional services.

5.4. Assurance

Assurance in the original SERVQUAL model contains company's employees' trustworthiness, knowledge, helpfulness and courtesy. Customers need to feel safe in the transactions and the service provided. When conducting travel business online, assurance gets a new meaning since a lot of information is shared anonymously.

"(When choosing an online travel agency,) I think about its reputation and the stories I have heard from friends who have used the services before. I wouldn't even visit a site that I haven't heard of beforehand. That way I can be sure that the privacy issues are taken care of. "

"I trust an online service only if it looks professional and I can see evidence of trustworthiness. These for me are good spelling, professional site design, a working phone number, secured payment and printable versions of travel documents."

"I know I can trust a website if I have used the service earlier and no money has disappeared from my account. I can recognize a scam site easily from the pop-up ads. "You've won an iPhone 4, click here". If the site design seems logical and there is enough information available, I assume that the data security risk is low. At least the Finnish companies cannot afford to risk their reputation with scams."

"(When visiting a travel agency's website) I only want the relevant information, so that there would be no distractions. Pop-up ads make me extremely angry. Extra services are ok, but the links for those should be separate from the actual booking and presented in a rational way. Misleading advertisement causes unnecessary disappointments and a feeling of being scammed."

"I don't even use websites that are unfamiliar. After that I don't really concern myself with privacy issues, since I assume that if nothing happened to my friends, the site is trustworthy."

"I am always concerned that my personal information is misused. I fear that when I pay the trip, the money disappears from my account, but doesn't go through to the supplier."

"When making a payment, I want the system to ask for my credit card's security code. There is always a risk that someone gets my credit card information, but luckily there isn't that much money on my bank account."

In an online setting the amount of information is unlimited. Customers get recommendations, both positive and negative, easily and from a significantly larger group of people. Traditionally, recommendations and word of mouth travel from an acquaintance or a friend to another. Online word of mouth can also be anonymous, so the customers have to decide themselves whether to trust it or not. The interviewed customer considered this as mainly positive but admitted that it does increase stress and anxiety to some extent. Many of the interviewees said that they still rely on face-to-face word of mouth rather than opinions found online and consider them more trustworthy. In fact, they said that it is the key criteria when choosing the online travel agency used. Unheard agencies lack trustworthiness and were considered too risky.

The quality of information provided on the travel agency's web site also appeared to be important to the interviewees. Since online word of mouth contains a large amount of misinformation, customers want evidence that the information provided on the travel agency's website is accurate. They want to be able to examine and compare the offered packages from different angles, for example location, provided services and price. The customers feel that the more information is available from the service provider itself, the more trustworthy the company is.

According to the interviewed customers, trust in the travel agency web site is gained through secured internet connection, professional spelling and translation, local phone number and address for which to contact in case of problems, confirmation sent to customer's e-mail address, possibility to print out the booking confirmation, confirmation documents also in the language of the travel location. All of the customers highlighted the importance of some evidence of security. Even though the web site is not even visited if there is no previous successful purchases by the customer itself or his /her friends, for the transaction to happen, there has to be evidence of secured internet connection. For example, when giving your personal information or making the payment, the system should ask for the credit card's security code. Customers also felt that misuse of their

personal information lowered their overall satisfaction. For example, if the travel agency starts sending them junk mail after the trip, it causes irritation and therefore the next purchase might be done from another service provider.

5.5.   Empathy → Convenience

Empathy in the original SERVQUAL model means that the customers should be served individually and given as much personal attention as needed. Empathy also contains convenient operating hours to all of the customers of a given company. Since the operating hours are unlimited and the personnel of an online travel agency cannot be seen, the feeling of empathy is gained through different methods.

"Clarity and ease of use are the main criteria when I'm choosing the website to visit. I don't even want to know the content, if it's not easily understandable. Since price and different options affect my decision tremendously, I want all of the fact out in the open and not to be revealed later on."

"I wish I had more possibilities to compare the travel packages with each other. The price itself doesn't always tell everything. I also wish that I could save my criteria on the site and the system could give me suggestions based on these."

"I hate when using self-service I have to call and ask for help. I want the system to be as simple as possible so that I can actually do it myself."

"I wish to have more options for comparing without losing the information I have already put in the system. I would appreciate being able to easily follow the price evolution for example on a monthly basis and not just +/- three days."

"I feel that I am being served well, if I can modify my trip according to my own wishes and if my questions are answered. That's all the personal attention I need."

"The sites would be even easier to use, if there wasn't too much unnecessary information so that I could find what I need faster."

"If there's a problem during the booking process, just an e-mail address isn't enough. I need a phone number to call so I won't lose everything."

"I cannot stress enough of the importance of clarity and compatibility. I feel that all websites try to brag too much with fancy effects and animations. As a user I'm not interested in those. I just want to buy my trip easily and cheap."

Interviewed customers of online travel agencies mentioned that they do not want personal attention in its traditional form. They would rather have more options to control the process themselves. They feel that the company shows them empathy when they take the user's abilities to work with the software into account. Therefore, I suggest that the dimension of "empathy" should be changed to "convenience" when conducting business over the internet.

For the customer to feel maximum satisfaction on the online travel agency, they want the website to be clear and easily understandable. They do not want to spend any time in learning how to operate a new software, since one of the main reasons for choosing an online travel agency is effort saving. They want all the information to be found in logical places. However, if the information is not on the website, they want another way to get it, i.e. a communication channel for specific problems encountered within online usage.

Even though the websites should be easy to use, according to the interviewed customers, they should contain all the options provided by traditional travel agencies. This means that customers want to control the process with various options and filters provided by the software. These include for example arranging the results by price, comparing the prices on a monthly basis and the possibility to rule out unwanted airlines.

A major factor for frustration for online travel agency users seems to be the modification of information already put into the system. Many of the interviewees mentioned that their overall satisfaction has decreased when they have for example changed the date and therefore they have to put everything in all over again. Since the fear of getting junk mail is high among the customers, they feel hesitated even from the idea of creating a profile into the system. Therefore, a software with short term memory seems to be popular among the customers.

5.6. Modification of the SERVQUAL Gaps

The SERVQUAL model is based on five gaps that may occur during service delivery. The first four gaps occur inside the service organization causing the fifth and most dramatic gap, which is the difference between customers' expectations and perception of the provided service. Customers'

assessment of the provided service is based on the five dimensions discussed above. However, in order for the service provider not to stumble into the fifth gap, the first four gaps need to be closed. Therefore, a refinement of the traditional gaps model is needed.

Gap 1: *The distance between what customers expect and what managers think they expect.*

This gap is traditionally narrowed by surveys conducted after the trip by a simple handout. However, as internet provides companies with numerous possibilities for conducting surveys, giving feedback via e-mail and feedback sections, companies should take full advantage of these possibilities. Both the customers and the travel agency representatives felt the need to better serve the customer with their questions and problems in real time.

"We have a special customer relationship department that handles all the customer feedbacks and makes sure the responsible department receives the message."

"Best customers have an extranet service where they can operate and leave comments. Of course we have a customer feedback section in our website. - - We measure our response time constantly. However, we haven't yet reached the level that the customers want."

"Average numbers are dangerous. Therefore it is risky to look at the average numbers of what customers expect. We concentrate on the extremity and what is behin those opinions and that way try to satisfy everyone."

"We purchase information about the customer expectations straight from the market. For example Nordic Business Travel Barometer investigates on customer experience and expectations in Nordic countries. Also Taloustutkimus and Kauppalehti provide us with useful information. - - We ourselves don't do much investigation among our potential customers, since people tend not to be completely honest if they use the competitor's services. They feel more relaxed when talking to a neutral third party.- - Of course we interact with our existing customers."

"We really don't have any other way for the customer to contact us except for e-mail and phone. I know that other agencies have better resources for these.- - Too negative feedbacks are not even answered. - - The process is developed slowly on the basis of complaints I think what we have done to the system is only trying to fix errors already occurred. - - We don't have a system to measure customers' expectations."

"We will find out after the trip, if it matched customer's expectations."

"If I could develop the process somehow, I would create a system for giving, taking and processing feedback and interact with us online."

"Our customer service department tries to answer all the contacts."

"For us, it is important to let our customers know that they can contact us if they are faced with any problems."

Even though the methods of narrowing this gap have changed drastically when moving from traditional face-to-face interaction to e-business, the gap itself still plays a key role in satisfying the customers. It even seems that in online business, customers feel more frustrated easily when they are dealing with software instead of actual service staff. If the provided service does not match the expectations, changing vendor happens with just one click.

Gap 2: *The distance between management perception and the actual specification of the customer experience.*

The second gap may occur when the level of needed service is not defined correctly. Traditionally, this gap is narrowed by training the service staff to provide the customer with certain level of service. However, online travel agencies rely on modern technique. Therefore, the specification and planning of provided service should be targeted not only to the online customer service staff but also to the people in charge of the website design, content and functions so that the company could operate and process the customer demands efficiently.

"We do our best in getting a grasp on what the customers want. Dealing with travel agencies is not just purchasing a trip, there are so many more service aspects there so we need to be clear of exactly what we offer."

"All the travel agencies have the same tools for the customers."

"We invest in internal meetings were we specify exactly what the customers want and need. - - Sometimes customers don't know what they want and we have to read between the lines and guess."

Gap 3: *The distance between the experience specification and the delivery of the experience.*

The third gap may occur when service delivery does not match the experience specification described in gap 2. This gap traditionally occurs when customer servant has not understood or has not gotten proper information of provided service specification. Again, an online customer does not interact face-to-face with the travel agency. Therefore the delivery of the service is dependent on

the functionality of the websites and how well they can answer customers' needs. To narrow this gap, online travel agencies must specify the provided service in advance and make sure that the website functions accordingly.

"The instruction given to the staff here are poor. I feel that the quality of the service is highly dependent on the customer servants own capabilities, prior experience and knowledge. This firm does not give any training for customer service. The management's instructions for taking feedback is 0."

"The customers who know how to operate the systems and complete their reservations correctly are the most satisfied ones."

"There are some things that we seem not to be able to the customers correctly. The message is not going through."

"Some customers get better service than others. The service standards are not clear."

Gap 4: *The distance between the delivery of the customer experience and what is communicated to customers externally (for example via ad campaigns).*

This gap occurs when companies exaggerate their abilities to perform certain services. They might communicate the best case scenario rather than the likely case. Interviews with the customers showed that this is one of the main factors causing irritation especially with online travel agencies.

"They might advertise to London for 35 euros and when you go to purchase the tickets, you find out that it is only one way and the return ticket is 200 euros."

"Misleading advertisement a sure way to get me to give my money to the competitor"

Also the interviewed companies admitted that misleading advertisement is a popular topic in the negative reviews they get:

"I talked about this with my boss, since I've heard it a million times, but he just said that we cannot change our services before we get more revenue."

"We have special offers and of course we advertise them. But people don't understand that sometimes an offer is something that has to be collected fast, otherwise someone else will get it."

"Our services are definitely advertised incorrectly. Advertising lets the consumer believe we offer them luxury when in reality they can drag their own suit cases in snow for hundreds of meters."

"The industry is characterized by harsh competition. So, if everyone can provide the customer with similar systems, we have to differentiate ourselves somehow."

Gap 5: *The distance between a customer's expectation of the service and the perceived service experience.*

To be able to avoid this gap, companies need to make sure that all the other gaps are taken care of. Gap 5 is closed if the customer expectations are collected and understood correctly (Gap 1), the staff responsible for the service delivery informed accurately (Gap 2), the websites are designed accordingly (Gap 3) and the external communication is appropriate (Gap 4).

"The word customer satisfaction means that the provided service meets customer's expectations prior to the service encounter. - - It means a great deal to our company because if the customer is satisfied they might tell others about the service and the word gets around."

"For us, customer satisfaction means everything. If a customer is satisfied with our service, they will come again and we have been able to increase our volumes."

6. Managerial Implications

Travel agencies specified in pure online selling seem to have survived the crisis in the travelling industry caused by the internet. They have established their competitive advantage by offering customers powerful search and price option services and personalized travel packages (Wang & Cheung, 2004). Therefore traditional travel agencies are faced with a challenge of having to provide services with more added value while at the same time struggling with increased competition and lower commission revenues. Since price is not the only factor affecting customers' purchase decision, customers need to be satisfied with excellent service. Therefore, adapting a service quality model specified in online service setting is highly important. However, if companies expect their customized strategies to work, they must invest in building networks of people and intensively use available information technologies (Smith & Rupp, 2004). Zwass (2003) points out that from an organizational point of view, there is value in recognizing the various aspects of e-commerce, for they help to make sense of the phenomenon. They can help in establishing strategic directions for organizational initiatives, innovating in directions seen as organizationally desirable, and

developing the processes and metrics need to evolve and track the initiatives. Understanding e-commerce as a whole is the key.

7. Limitations and Further Research

As many others, Yang and Jun (2008) note that service quality dimensions tend to be context-bounded dependent on the specific service type. Therefore the applicability of SERVQUAL can be said to be questionable without any modification to the specific service setting at hand. As each service setting is different and there are a number of personal characteristics that may affect the perceived quality of service, for example culture, language skills, technology acceptance and culture, the framework should be tested before usage.

Payne and Payne (2004, p. 131) criticize interviews as a study method for the possibility of interviewer's bias, since personal appearance, facial expression, tone of voice or comments may misdirect the respondent. Criticism also comes from the neutrality of the interviewer. Tuomi and Sarajärvi (2002, p. 133) question interviewer's ability to listen to the respondent's opinion or do they filter the answers through his or her own view of the phenomenon. This is however inevitable, since the researcher is the creator and interpreter of the research question.

Surveys, e.g. questionnaires based on SERVQUAL, have been widely criticized for creating biased results by understating the difference. Good experiences, when surveyed during or after the experience, increase the expected level and bad ones are not as bad as they would appear if the expectation would have been asked beforehand. (Yuksel & Rimmington, 1998) Another problem arises, if the expectations are measured in advance: they tend to rise and will therefore not reflect the real expectations. Further, often the customer doesn't have an opinion beforehand, which means that the expectations are formed as the service progresses and more evidence is available.

Marketing literature suggests a large number of value creators for e-service quality. This study did not address the problem of relative importance of those factors. For further research I would suggest a factor analysis of the dimensions I proposed.

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