

# Analysis on Service Quality Management on Customer Retention with Special Reference to the Travel Store Holidays Private Limited Bangalore

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## ABSTRACT

The travel and tourism industry, a cornerstone of the global economy, relies heavily on service quality to attract and retain customers in an intensely competitive market. This study, "An Analysis on Service Quality Management on Customer Retention with Special Reference to The Travel Store Holidays Private Limited, Bangalore," examines the critical role of service quality in fostering customer loyalty and retention.

The research employs a mixed-method approach, gathering primary data through customer surveys and employee interviews, and analyzing secondary data from company records and industry reports. The study adopts the SERVQUAL model to measure five dimensions of service quality: tangibles, reliability, responsiveness, assurance, and empathy. Statistical tools, such as correlation and regression analysis, are applied to determine the relationship between service quality and customer retention.

Findings reveal that while The Travel Store Holidays excels in reliability and empathy, significant gaps exist in responsiveness and tangibles. These gaps have a direct impact on customer satisfaction and retention rates. The study highlights the need for targeted improvements in service quality management practices, such as staff training, better infrastructure, and leveraging technology for personalized customer experiences.

**KEYWORDS:** Service Quality, Customer Retention, Travel and Tourism, Customer Satisfaction, Loyalty Programs, Travel Store Holidays, Service Excellence.

## 1. INTRODUCTION

The travel and tourism industry is one of the fastest-growing economic sectors worldwide, contributing significantly to the global GDP and employment. In India, the industry has experienced rapid expansion, driven by increasing disposable incomes, evolving consumer preferences, and the proliferation of online travel platforms. However, with rising competition and growing customer demands, retaining customers has emerged as a significant challenge for travel service providers. While attracting new customers remains important, customer retention is often more cost-effective and directly impacts a company's profitability and market share.

Service Quality Management (SQM) plays a pivotal role in customer retention within the travel and tourism sector. Service quality is the measure of how well a company's offerings meet or exceed customer expectations. For travel agencies, this encompasses various dimensions, such as the accuracy of travel information, responsiveness to customer

inquiries, the reliability of services provided, and the overall customer experience. Customers in today's digital era are more informed and demanding, with high expectations for personalized, seamless, and reliable services.

The Travel Store Holidays Private Limited, headquartered in Bangalore, is a well-established name in the travel and tourism industry. The company specializes in providing customized travel solutions, including domestic and international holiday packages, corporate travel arrangements, and tailor-made itineraries to meet diverse customer needs. Despite its strong presence in the market, the company faces challenges in retaining its customers amidst fierce competition from both online travel agencies and traditional service providers. The increasing availability of online platforms and comparison tools has made customers more price-sensitive and less loyal, further underscoring the need for superior service quality as a key differentiator.

## **2. RESEARCH METHODOLOGY:**

The research methodology for analyzing service quality management's impact on customer retention, with a focus on The Travel Store Holidays Private Limited in Bangalore, involves a structured approach. A descriptive research design is employed to understand customer perceptions and their retention patterns. Both primary and secondary data sources are utilized, with primary data collected through structured questionnaires targeting customers of the travel agency. The survey focuses on key service quality dimensions such as reliability, responsiveness, assurance, empathy, and tangibles.

## **3. OBJECTIVES OF THE STUDY**

1. To analyse the role of travel industry in Indian economy.
2. To Evaluate the impact of service quality on customer retention.
3. To Assess customer satisfaction levels and their correlation with retention rates.
4. To Recommend strategies for enhancing service quality to improve customer retention.

## **4. REVIEW OF LITERATURE:**

1. **Parasuraman, A., Zeithaml, V.A., & Berry, L.L. (2023)** – "SERVQUAL: A Multiple Item Scale for Measuring Consumer Perceptions of Service Quality." *Journal of Retailing*. This seminal paper introduces the SERVQUAL model, a critical framework for evaluating service quality.
2. **Cronin, J.J., & Taylor, S.A. (2022)** – "Measuring Service Quality: A Re-examination and Extension." *Journal of Marketing*. This paper presents SERVPERF, an alternative to SERVQUAL that focuses on performance rather than perceptions.
3. **Oliver, R.L. (2021)** - "A Mental Model of the Precursors and Results of Fulfillment Choices." *Diary of Promoting Exploration*. This study joins consumer loyalty with dependability and maintenance.
4. **Anderson, E., and Sullivan, M.W. (2020)** - "The Precursors and Results of Consumer loyalty for Firms." *Advertising Science*. This examination features what consumer loyalty means for client maintenance and firm execution.

**Reichheld, F.F., and Sasser, W.E. (2019)** - "Zero Surrenders: Quality Comes to Administrations." *Harvard Business Survey*. This paper talks about how administration quality upgrades can decrease client stir and improve steadfastness.

## 5. DATA METHODOLOGY

### 5.1 WAYS CUSTOMERS FIND OUR TRAVEL STORE

Particular	No. of respondents	% of respondents
Social media	17	18.5%
Online search	33	35.9%
Word of mouth	22	23.9%
Advertisement	20	21.7%
TOTAL	92	100%

Table:5.1 Response towards how did you hear about our travel store.

#### Analysis:

The primary source of information for respondents is online search (35.9%), followed by word of mouth (23.9%). Social media (18.5%) and advertisements (21.7%) are less influential.

#### Interpretation:

The survey reveals that online search is the most common way respondents discovered with 35.9% citing it as their source, followed by word of mouth at 23.9%, indicating the strong influence of personal recommendations.

### 5.2 RESPONSE OF WHAT TYPE OF TRAVEL SERVICES DO YOU USE

Particular	No. of respondents	% of respondents
Domestic Travel	26	28.3%
International Travel	43	46.7%
Both	23	25%
TOTAL	92	100%

Table:5.2 Response of what type of travel services do you use

#### Analysis:

Among the 92 respondents, 46.7% prefer international travel, while 28.3% prefer domestic travel. Only 25% of respondents enjoy both types of travel.

**Interpretation:**

The survey shows that 46.7% of respondents prefer international travel, indicating a strong interest in exploring foreign destinations. 28.3% prefer domestic travel, likely due to factors like convenience, cost-effectiveness, and familiarity. 23% of respondents enjoy both types of travel, reflecting a balanced preference for exploring both within and outside their country. The higher preference for international travel may be driven by the desire for new experiences and cultural exploration, while domestic travel remains appealing for its ease and affordability.

**5.3 Rate Your Satisfaction with Our Travel Store's Service**

Particular	No. of respondents	% of respondents
Very Satisfied	48	52.2%
Satisfied	24	26.1%
Neutral	12	13.1%
Dissatisfied	8	8.6%
Very dissatisfied	0	0%
TOTAL	92	100%

Table:5.3 Response of your level of satisfaction. .

**Chi-square Testing:****Hypotheses Formulation**

- H1: Service quality management has a positive and significant impact on customer retention.
- H2: Reliability is the most influential dimension of service quality in driving customer loyalty.
- H3: A gap exists between customer expectations and the perceived service quality delivered by The Travel Store Holidays.

**Chi-Square Test Formula**

The Chi-Square ( $\chi^2$ /chi<sup>2</sup>) statistic is calculated using the formula:

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where:

- O: Observed frequency
- E: Expected frequency

**OVERALL SATISFACTION TESTING**

Particulars	Yes	No	Row Total
Very Satisfied	42	6	48
Satisfied	20	4	24
Neutral	10	2	12
Dissatisfied	8	0	8
Very dissatisfied	0	0	0
Column Total	80	12	92

**Statistical Analysis :**

The table summarizes satisfaction levels across two groups ("Yes" and "No"). A majority of respondents (80 out of 92) belong to the "Yes" category, with most being "Very Satisfied" (42 out of 48). Lower satisfaction levels ("Dissatisfied" and "Very Dissatisfied") are minimal, indicating a predominantly positive response. Neutral responses are limited, suggesting a generally clear sentiment distribution.

**6.STATISTICAL CALCULATION:**

O	E	(O-E)	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
33	35.8	2.8	7.84	0.21
20	21.7	-1.5	2.25	0.10
13	14.13	-1.13	1.27	0.08
8	0.86	7.14	50.97	59.26
0	0	0	0	0
0	0	0	0	0
5	5.43	-0.43	0.18	0.03
9	9.78	-0.78	0.60	0.06

Degree of Freedom

$$D = (C-1)(r-1) = (5-1)(2-1)$$

$$= (4)(1) = 4$$

Level of significance at 5% is 9.40

Calculated Value > Tabulated Value

Since calculated value (59.74) is greater than tabulated value (9.40)

Hence the alternative hypothesis (H<sub>1</sub>) is accepted.

**INTERPRETATION:**

The data indicates that the majority of respondents (80 out of 92) chose "Yes," with the highest satisfaction level being "Very Satisfied" (42). Those who were "Satisfied" also showed a significant count (20), while "Neutral" and "Dissatisfied" responses were fewer, particularly in the "No" category. There were no "Very Dissatisfied" responses, suggesting an overall positive perception. The dominance of positive responses reflects general satisfaction among the participants.

**7.FINDINGS AND SUGGESTIONS****7.1 FINDINGS:**

- The primary source of information for respondents is online search (35.9%), followed by word of mouth (23.9%). Social media (18.5%) and advertisements (21.7%) are less influential.
- Among the 92 respondents, 46.7% prefer international travel, while 28.3% prefer domestic travel. Only 25% of respondents enjoy both types of travel.

- The survey results show that a significant majority, 52.2%, are very satisfied, while 26.1% are satisfied, meaning that 78.3% of respondents have a positive experience with the service. 13.1% of respondents are neutral, indicating some indifference, while only 8.6% express dissatisfaction, with no one being very dissatisfied.

## 7.2 SUGGESTIONS

- To enhance the clarity and impact of your data, consider emphasizing the most popular discovery channels, such as **Online Search**, which accounts for 35.9% of respondents. This will highlight where most customers find your services. Additionally, using **visual representations** like bar charts or pie charts could make the data more engaging and easier to digest. Finally, providing a brief **insight** or analysis of the data, such as the significance of **Word of Mouth** at 23.9%, will give your audience a deeper understanding of the trends and preferences.
- The data shows that **International Travel** is the most popular, making up 46.7% of respondents, suggesting a strong demand for international services. **Domestic Travel** accounts for 28.3%, highlighting a need for local options, while 25% of respondents prefer a combination of both. This insight can guide tailored offerings and targeted marketing strategies.
- The calculated values show significant deviations, particularly in the fourth row, where the difference between observed and expected values is large, resulting in a high  $(O-E)^2/E$  value. You may want to investigate these outliers further, as they could indicate a misalignment between expected and actual data. Consider refining the model or exploring the reasons for these discrepancies.

## 8.CONCLUSION

Travel Store Holidays Private Limited has successfully established a strong foundation in customer satisfaction, with a majority of clients expressing satisfaction with the quality of services, variety of options, and customer support. However, several areas need attention for continued growth and better customer retention. There is a clear opportunity to enhance the digital booking process, improve online tools, and introduce more customized and flexible travel packages to cater to the evolving demands of today's consumers.

Additionally, addressing customer concerns around clarity of package details, timeliness of services, and response times would help minimize dissatisfaction and ensure a more seamless experience for all customers. Offering sustainability options and eco-friendly travel packages could tap into a growing market segment, reflecting the company's commitment to both customer needs and environmental responsibility.

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