Reintermediation Strategies For Disintermediated Travel Agencies: A Strategic Marketing Perspective

K. Viljoen, University of Johannesburg, South Africa
M. Roberts-Lombard, University of Johannesburg, South Africa
C. J. Jooste, University of Johannesburg, South Africa

ABSTRACT

The evolution and advancement of the Internet has disintermediated many 20th century businesses, in particular traditional travel agencies. Reintermediation strategies for travel agents that result in additional value being delivered to customers need to be sought with the ultimate objective of retaining customers. The research on which this article is based was concerned with the apparent gap in existing research on this topic. Focus group discussions were held and an online survey was conducted with South African travel agents. Eight proposed reintermediation factors were tested for relationship significance to reintermediation and ultimately customer retention. The eight factors consisted of personal interaction, differentiated product, low service fees, product knowledge, high-quality service, coexisting with technology, targeting the leisure segment, and lastly targeting the corporate segment. Five factors proved to be valid reintermediation and customer retention indicators, with personal interaction being the most important and low service fees the least important. Marketing strategies for the purposes of reintermediation and customer retention related to these findings were recommended.

Keywords: Disintermediation; Reintermediation; Customer Retention; Marketing Strategies; Travel Agents

INTRODUCTION

There has been speculation over the past couple of years as to whether the trend towards online bookings signals the end of travel intermediaries (Dolnicar & Laesser, 2007, p. 134). Statistics indicate that the travel and tourism industry generates approximately 11 per cent of employment globally, making it the largest generator of jobs in the global marketplace (Kruger-Cloete, 2007, p. 17). Travel agencies are a key component of world tourism and are vital in the distribution of tourism-related products and services (Thomson, 2008, p. 2). Technology, specifically the Internet, has had a significant impact on the travel agency industry and has modified the way in which travel is sold (Dolnicar & Laesser, 2007, p. 134; Wolfe, Kang, & Hsu, 2005, p. 74). The World Travel Trends Report (2011/2012) indicates that the Internet accounts for nearly half of travel bookings made, while travel agents account for a third of all travel, and the balance of travel bookings are made directly with hotels and airlines, via personal contact. Tsaur and Yen (2011, p. 56) state that the information-intensive travel industry has been an ideal candidate for disintermediation as the travel industry has become a top-performing sector of e-commerce. As a result, the traditional functions of travel agents have been eroded and devalued (Cheung, 2012, p. 6; Huang, Chen, & Wu, 2009, p. 733).

Most research on the world travel agency industries appears to have been primarily conducted in the United States of America, Canada, the United Kingdom, Europe, Australia and New Zealand (Garkavenko, 2007, p. 142). However, the bulk of this research is outdated and has been conducted with a strong diffusion of technology focus in mind, as opposed to the impact that new technology may be having on the market (O’Brien, 1998; Standing & Vasudavan, 2000; Standing, Borbely, & Vasudavan, 1999). Other older academic research has focused on travel consumer Internet purchasing behaviour and its implications for travel agencies, as well as travel agencies...
repositioning themselves through making use of the Internet (Lang, 2000; Barnett & Standing, 2001). More recent academic research on similar topics has been conducted (Hosein, Tarek, & Kumar, 2008; Carey, Kang, & Zea, 2012). To date, minimal research has been conducted on the South African retail travel agency market. Research conducted by Lubbe in 2003 focused on the corporate travel segment in South Africa. Lubbe (2005) briefly researched the revenue model that travel agents now use. In 2006 Lubbe, Endres, and Ferreira investigated the willingness of leisure travellers to pay travel agents’ service fees. Roberts-Lombard (2001) studied the marketing concept and its impact on performance in travel agencies in the Western Cape, a province of South Africa. In 2008 and 2011, Roberts-Lombard further explored customer relationships and customer market practices in the retail travel trade.

Minimal contemporary academic research has focused on the current problems faced by travel agents. The most predominant management predicament facing traditional travel agents is that of attempting to reacquire customers who have migrated to booking travel arrangements online and to retain those customers. Travel agents who were a critical intermediary in the travel distribution process are now perceived as being another costly intermedial layer by customers and suppliers alike. Travel agents need to find new ways to add value for customers and suppliers in order to reinstate their roles in the travel distribution process and thus reintermediate their businesses. It is believed that through reintermediation travel agents will be able to retain customers in the long term.

This article includes a literature review on the transition between disintermediation and reintermediation and the proposed reintermediation factors for travel agents. The research objectives and methodology are then discussed, followed by the empirical results, management implications and finally the recommendations.

LITERATURE REVIEW

The literature review in this section provides a theoretical foundation on which the proposed reintermediation model is built.

The Transition From Disintermediation To Reintermediation

Recent years (2000–2010) have seen changes in the intermediation process. This has been mainly due to suppliers attempting to cut costs and the introduction of the Internet (Kracht & Wang, 2009, p. 744; Hanson & Kalyanam, 2007, p. 146). These changes in the intermediation process have led to the much discussed concept of disintermediation. Disintermediation refers specifically to customers dealing directly with manufacturers and bypassing traditional channel intermediaries (Ferrell & Hartline, 2008, p. 275). Traditionally, it has been geographically impossible for suppliers to interact directly with their customers; hence the need for the intermediation function in a business. It is widely recognised that suppliers of goods and services seek the most direct channels to the customer in order to achieve profitability objectives. Owing to technological advances suppliers now have the option of transacting directly with their customers, thus often eliminating the need for intermediaries in the distribution process. The core rationalisation for the disintermediation process relates to costs of intermediaries versus the value that intermediaries provide (Ferrell & Hartline, 2008, p. 275).

Reintermediation has evolved from a systematic cycle of intermediation, disintermediation, reintermediation and, most recently, cybermediation. Through reintermediation previously disintermediated middlemen now offer a new value proposition in order to become part of the distribution channel again (Shunk, Carter, Hovis, & Talwar, 2007, p. 249). The study that informed this article viewed reintermediation, and validated reintermediation, as having a dual meaning. Firstly, reintermediation can be construed as winning back lost customers that have been lost due to disintermediation (R1), and secondly, reintermediation can be viewed as adapting business processes in order to retain customers (R2).

Proposed Reintermediation Factors

As has been established, much research has been conducted on the global travel agency industry. Eight potential reintermediation factors which have been extracted from the literature are discussed. Following the
literature pertaining to the eight potential reintermediation factors is a discussion on customer retention and the importance of it to businesses, and to travel agents in particular. The first potential reintermediation factor discussed is that of product knowledge.

**Product Knowledge**

Various studies have focused on the importance of service providers’ levels of knowledgeability and the influence thereof (Spake & Megehee, 2010; Verbeke, Dietz, & Verwaal, 2010; Trivedi, Morgan, & Desai, 2008). Verbeke et al. (2010, p. 17) emphasise that the absorptive learning ability of sales persons and their related cognitive aptitude are paramount in being able to sell products or services to customers. This leads to hypothesis one, which is stated as follows:

\[ H^0(1) \] A significant relationship between travel agents’ product knowledge and reintermediation is not evident in travel agencies.

\[ H^1 \] A significant relationship between travel agents’ product knowledge and reintermediation is evident in travel agencies.

Following from product knowledge is the potential reintermediation factor of enhanced personal interaction with customers.

**Personal Interaction**

It has become important to understand the concept of customer intimacy or interactive behaviour with customers due to the decline of customer loyalty across sectors (Bove & Johnson, 2009, p. 188). Extant literature advocates face-to-face interaction between service personnel and customers as the key to building and reinforcing customer relationships (Lloyd & Luk, 2011; Spielmann & Babin, 2011; Ple & Caceres, 2010). It is believed that travel agents facing a reintermediation process need to enhance human interaction and consumer trust (Kracht & Wang, 2009:747; Grissemann & Stokburger-Sauer, 2012, p. 1483). This leads to hypothesis two, which is stated as follows:

\[ H^0(2) \] A significant relationship between travel agents’ ability to interact personally with customers and reintermediation is not evident in travel agencies.

\[ H^2 \] A significant relationship between travel agents’ ability to interact personally with customers and reintermediation is evident in travel agencies.

The discussion of personal interaction is followed by the concept of offering differentiated products as a means towards the reintermediation of travel agencies.

**Differentiated Product**

Many authors agree that the key element on which travel agencies need to focus is the development of unique travel packages (Cheung, 2012, p. 8; Ku, Yang, & Huang, 2012, p. 17; Kracht & Wang, 2009, p. 751). Travel entrepreneurs in the North American market have successfully developed numerous niches in the market, such as agencies that sell only island holidays, those that sell only golfing or birdwatching packages and even some that offer real estate touring (Turen, 2008, p. 2). This leads to hypothesis three, which is stated as follows:

\[ H^0(3) \] A significant relationship between travel agents offering a differentiated product to customers and reintermediation is not evident in travel agencies.

\[ H^3 \] A significant relationship between travel agents offering a differentiated product to customers and reintermediation is evident in travel agencies.

The idea of charging a low service fee is proposed to be the fourth reintermediation factor.
Low Service Fees

It is believed that customers are likely to search less if prices are lower than expected; hence travel agents will have a better chance of retaining customers if they lower service fees (Yuan & Han, 2011, p. 60). These authors suggest that service providers need to ensure that customers are aware of price adjustments due to changes in costs rather than changes in profitability levels (Yuan & Han, 2011, p. 61). This implication is significant in the travel industry as costs continue to change daily due to exchange rates. Travel agents need to continually point out the costs of travel to customers so that the customer understands that the travel agent is not profitably exploiting them and the costs are genuine. This leads to hypothesis four, which is stated as follows:

\( H_0^{(4)} \) A significant relationship between travel agents charging a low service fee and reintermediation is not evident in travel agencies.

\( H^4 \) A significant relationship between travel agents charging a low service fee and reintermediation is evident in travel agencies.

Delivering a high quality of service is proposed to be the fifth factor in the reintermediation model.

High-Quality Service

Travel agency customers cite high-quality service as one of the most important criteria when selecting a travel agent (Wolfe, Kang, & Hsu, 2005, p. 73). Other authors concur and cite good-quality service as being the key to retaining or regaining customers (Frost, Nordlof, & Svesson, 2009, p. 62). This leads to hypothesis five, which is stated as follows:

\( H_0^{(5)} \) A significant relationship between the provision of high-quality service by travel agents and reintermediation is not evident in travel agencies.

\( H^5 \) A significant relationship between the provision of high-quality service by travel agents and reintermediation is evident in travel agencies.

The factor that occupies sixth position in the proposed model is that of coexisting with technology.

Coexisting With Technology

In the literature the concept of travel agents aligning themselves technologically in order to satisfy the constantly evolving needs of customers is advocated (Salvado, Ferreira, & Costa, 2011, p. 242; Wang, Gal-or, & Chatterjee, 2009, p. 968). Garkavenko (2007, p. 143) indicates that travel agents have a growing need to conduct business in cyberspace and they cannot afford to not embrace the Internet. In addition, travel agents need to continually adopt innovative technologies to keep up with consumer technology and remain competitive. This leads to hypothesis six, which is stated as follows:

\( H_0^{(6)} \) A significant relationship between travel agents who coexist with technology and reintermediation is not evident in travel agencies.

\( H^6 \) A significant relationship between travel agents who coexist with technology and reintermediation is evident in travel agencies.

Following the coexistence of technology are the seventh and eighth proposed reintermediation factors of targeting the corporate travel segment and targeting the leisure travel segment respectively.

Targeting The Corporate Segment

Most Australian travel agents regard the corporate market as their ‘mainstay’ (IBIS World, 2007, p. 9). The corporate travel market is not as sensitive to price as the leisure market since businesses pay for the travel arrangements and not the end consumer (Fourie & Lubbe, 2006, p. 4). It has been asserted that major travel management companies in the United States of America who focus predominantly on corporate clients have been
able to avoid disintermediation (Kracht & Wang, 2009, p. 743). The annual Travel Industry Survey (2011/2012, p. 2) revealed that 85 per cent of business travellers expected to travel more in 2012, as compared to 2011, thus indicating the resilience of the segment. This leads to hypothesis seven, which is stated as follows:

H0⁷ A significant relationship between travel agents targeting the corporate market segment and reintermediation is not evident in travel agencies.

H⁷ A significant relationship between travel agents targeting the corporate market segment and reintermediation is evident in travel agencies.

Targeting The Leisure Segment

O’Brien (1998, p. 70) argues that international holidays are, by nature, a high-involvement, complex and expensive product; therefore consumers will always seek advice from experienced travel consultant. More contemporary consumer research supports this theory and reveals that the more complex the travel product, the more likely consumers are to research it online but make the reservation through a travel agent (Dolnicar & Laesser, 2007, p. 143). More recent research indicates that spending on international leisure trips rose between two and four per cent in 2010 (Travel Industry Survey, 2011/2012, p. 4). This leads to hypothesis eight, which is stated as follows:

H0⁸ A significant relationship between travel agents targeting the leisure market segment and reintermediation is not evident in travel agencies.

H⁸ A significant relationship between travel agents targeting the leisure market segment and reintermediation is evident in travel agencies.

The two dependent variables of reintermediation and customer retention and the proposed link between the two variables follows the discussion of the eight reintermediation factors.

Retaining Customers Through Reintermediation

It is necessary for travel agency owners and managers in South Africa to reintermediate their businesses in order to retain customers and thus sustain their businesses. Customer retention is considered to be a key challenge for travel agencies and other travel-related businesses (Ting, 2012, p. 4551). Business researchers have extensively investigated the concept of how to retain existing customers (Trassorras, Weinstein, & Abratt, 2009, p. 615; Nitzan & Libai, 2011, p. 24). George (2008, p. 457) and Ting (2012, p. 4551) contend that it is particularly difficult to retain customers in the tourism industry because it is easy for customers to switch between airlines, hotels and travel agencies. Trassorras et al. (2009, p. 615) argue that businesses should focus on customer value and retention in order to increase or improve overall profitability. They state that customer retention is impossible without first creating superior value for customers. This suggests a link to reintermediation, which, in the context of this article, proposes that travel agents offer their customers additional value in some form in order to retain them as customers and thus reintermediate their businesses. This theory is hypothesised in hypothesis nine as follows:

H0⁹ A significant relationship between reintermediation and the retention of customers is not evident in travel agencies.

H⁹ A significant relationship between reintermediation and the retention of customers is evident in travel agencies.

Figure 1 diagrammatically depicts the nine hypotheses and thus the proposed reintermediation model.
PROBLEM INVESTIGATED

Traditional intermediaries are faced with turbulent economic conditions in the marketplace, and they need to adapt their marketing and business practices to avoid stagnating. Disintermediation has occurred in the travel industry and continues to alter the structure of travel distribution channels (Kracht & Wang, 2009, p. 739). Travel agents have been disintermediated and therefore have to change the way in which they manage and market their businesses to combat this threat. Research to date has not provided compelling evidence and guidelines for travel agents to follow in order to reintermediate their businesses. This raises the question as to what specific factors can be construed as reintermediation factors for travel agents which will result in their ability to retain customers.

Literature on the travel industry and extant literature on the services industry postulates that the eight factors proposed could be used as reintermediation strategies to attempt to retain customers in the long term. This article explores the relationship between these proposed reintermediation factors and customer retention.
RESEARCH OBJECTIVES

Emanating from the research problem, the objectives of the study on which this article is based were as follows:

- To determine whether the identified reintermediation factors have a perceived influence on reintermediation in travel agencies; and
- To establish which of the identified reintermediation factors have the largest influence on reintermediation and thus on customer retention in travel agencies.

RESEARCH METHODOLOGY

The concept of selecting a paradigm or philosophy of scientific inquiry alongside the designation of an appropriate research approach is of essence in any study (Hallebone & Priest, 2009, p. 160). The study on which this article focuses adopted a systems viewpoint as its basis for inquiry. Systems theory has been developed specifically to address this issue and to bring understanding to the transition that occurs in the process of transforming real-world problems into scientific academic hypotheses. This study was conducted in two phases: the first focused on qualitative research, and the second on a quantitative research approach. The qualitative phase of the research incorporated focus group discussions with travel agency owners and managers in the Eastern Cape province of South Africa. Four mini-focus group discussions were held with a total of 12 owners and managers in this area. The fundamental aim of the focus groups was of a confirmatory nature in that participants’ opinions were sought with regard to the composition of the proposed reintermediation model. Overall it was concluded that the model was well received and it was not deemed necessary to make changes to the model.

The quantitative phase of this study incorporated an electronically administered survey which was sent to 600 travel agency owners and managers in South Africa. In view of the nature of the research, the problem statement and all other related matters regarding the research, the approach was exploratory. The population for this study included all the travel agents registered with the Association of South African Travel Agents (ASATA) in South Africa as well as travel agents listed in the electronic yellow pages. ASATA is regarded as the professional body that represents the interests of travel agents in the country. The target population for this study was therefore approximately 1300 travel agencies in South Africa of which 600 were requested to participate in the completion of the questionnaire. Ultimately a response rate of 25 per cent was obtained for this study (n=150).

A questionnaire was developed for the survey using an array of existing scales (Reinartz, Krafft, & Hoyer, 2004, p. 303; Chau & Hu, 2001, p. 707; Parasuraman, Zeithaml, & Berry, 1998, p. 39; Feltham, 1994, cited in Bearden & Netemeyer, 1999, p. 290; Lynn & Harris, 1997, cited in Bearden & Netemeyer, 1999, p. 101; Lichtenstein, Ridgway, & Netemeyer, 1993, cited in Bearden & Netemeyer, 1999, p. 273). A three-stage questionnaire design process was conducted, which incorporated two pilot studies and associated modifications to the questionnaire to ensure that the research instrument was sound. This process resulted in a five-page research instrument containing three sections being prepared for the study. The first section was an introduction to the study and the second section contained questions pertaining to management biographical data and business demographical data. A ranking question relating to the reintermediation factors was also placed in the second section of the questionnaire. The third section comprised 58 five-point double-sided Likert scales relating to the model being tested.

The data analysis strategy used for the survey incorporated descriptive and inferential statistical techniques. The core components of the inferential analysis consisted of exploratory and confirmatory factor analyses, structural equation modelling (SEM), correlation analysis, linear and mediation regression, and lastly path analysis. It should be noted that the difference between path analysis and structural equation modelling is that path analysis analyses relationships between variables at construct level, whereas structural equation modelling deals with relationships at item level. The use of path analysis suited the measurement of the objectives of the research at hand better than SEM because path analysis modelling produced better fit statistics and higher correlation coefficients. In addition, path analysis allowed for the inclusion of more reintermediation variables in the models than SEM did. The section below outlines the findings.
RESULTS

Biographical Profile Of Respondents

The majority of respondents who participated in this survey were owners of their respective travel agencies. The respondents surveyed can be said to be highly experienced within the travel industry, with over 80 per cent of respondents having more than 10 years’ experience working for or owning a travel agency. In addition, the majority of respondents’ travel agencies had been in operation for over 15 years at the time of the research.

Reliability And Validity

With respect to reliability, the majority of scales were deemed reliable as the Cronbach’s alphas ranged between .638 and .896. The low service fee scale proved to be problematic and it required amendment due to a low Cronbach’s alpha score of .428. With regard to the exploratory factor analysis, five factors, namely product knowledge, personal interaction, coexisting with technology, corporate segment, and leisure segment and their relevant items proved to be unidimensional, and the respective scale items remained unchanged. The factor loadings for the product knowledge items ranged between .571 and .839, while the factor loadings for the personal interaction items ranged from .683 to .833. The coexisting with technology items exhibited factor loadings which ranged from .481 to .865, and the corporate segment items displayed factor loadings ranging from .535 to .887. Finally, the leisure segment items presented factor loadings which ranged from .590 to .719.

Factor loadings during the exploratory factor analysis regarding reintermediation, differentiated product, high-quality service, low service fee, and customer retention revealed that the validity of the respective scales was questionable, so the scales required modification. After adjustments were conducted, a confirmatory factor analysis was done. Ultimately, high-quality service, low service fee, and customer retention were each retained as single measures. Two factors, namely reintermediation and differentiated product, split into sub-factors, which resulted in the development of four measures. The reintermediation factor loadings, across items in both measures, spanned .704 to .825. With respect to the differentiated product items, factor loadings items ranged from .398 to .827, while the differentiated product leisure items ranged from .489 to .805. The modified scales were retested for reliability and all displayed Cronbach’s alpha scores of over .600. Table 1 provides an overview of the final Cronbach’s alpha values for the different scale items.

<table>
<thead>
<tr>
<th>Scale (Items)</th>
<th>Cronbach's Alphas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reintermediation (9)</td>
<td>.870</td>
</tr>
<tr>
<td>High-Quality Service (11)</td>
<td>.876</td>
</tr>
<tr>
<td>Differentiated Product (6)</td>
<td>.705</td>
</tr>
<tr>
<td>Low Service Fee (6)</td>
<td>.638</td>
</tr>
<tr>
<td>Product Knowledge (5)</td>
<td>.791</td>
</tr>
<tr>
<td>Personal Interaction (5)</td>
<td>.896</td>
</tr>
<tr>
<td>Coexisting With Technology (5)</td>
<td>.827</td>
</tr>
<tr>
<td>Corporate Segment (5)</td>
<td>.811</td>
</tr>
<tr>
<td>Leisure Segment (5)</td>
<td>.857</td>
</tr>
<tr>
<td>Customer Retention (6)</td>
<td>.780</td>
</tr>
</tbody>
</table>

Empirical Reintermediation Model

In respect of the findings to be reported on in this article, Figure 2 displays the reintermediation model constructed via path analysis, Table 2 illustrates the values of coefficients in the model, Table 3 indicates the fit indices associated with the theoretical model, and Table 4 provides the fit statistics for the empirical model.
Source: Researchers’ own construct

Figure 2. Empirical Reintermediation Model
To broadly explain the model illustrated in Figure 2, reintermediation 1, which refers to recovering lost customers, appears on the left side of the model. Reintermediation 2, which refers to changing business processes in order to reintermediate the travel agency, appears on the right side of the model and is linked to customer retention. When one considers that reintermediation 1 relates to recovering lost customers, logically a relationship between reintermediation 1 and customer retention cannot be sought. Reintermediation 1 is trying to win back lost customers and only once that has occurred could a possible linkage be sought between reintermediation and customer retention. However, reintermediation 2 refers to reintermediation as being a focus on changing business processes, and this could lead to possibly retaining customers; hence the relationship between reintermediation 2 and customer retention is valid, whereas attempting to establish a relationship between reintermediation 1 and customer retention is not.

Five of the proposed reintermediation factors appear in the middle of the model, so it can be deduced that some of the proposed reintermediation factors relate to reintermediation 1, some to reintermediation 2, and others to customer retention. Extremely strong independent factors relate to multiple dependent factors. Specifically, it can be noted that reintermediation 1 has relationships with three independent factors, namely low service fee, differentiated product (leisure), and personal interaction. Reintermediation 2 has three relationships, namely with differentiated product (leisure), personal interaction, and coexisting with technology. Four relationships exist between customer retention and the reintermediation factors of high-quality service, low service fee, differentiated product 1 (leisure), and coexisting with technology. Lastly, and most importantly, a relationship exists between reintermediation 2 and customer retention.

Following on from the discussion of the relationships between variables in the empirical model is a summary of the significant relationships in the model and their respective P-values.

<table>
<thead>
<tr>
<th>No.</th>
<th>Factor (Strongest To Weakest Coefficients)</th>
<th>Path Coefficients</th>
<th>P-values</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Reintermediation 1: Personal Interaction</td>
<td>.489</td>
<td>.000</td>
</tr>
<tr>
<td>2</td>
<td>Reintermediation 2: Coexisting With Technology</td>
<td>.468</td>
<td>.000</td>
</tr>
<tr>
<td>3</td>
<td>Customer Retention: High-Quality Service</td>
<td>.271</td>
<td>.001</td>
</tr>
<tr>
<td>4</td>
<td>Reintermediation 1: Differentiated Product (Leisure)</td>
<td>.234</td>
<td>.024</td>
</tr>
<tr>
<td>5</td>
<td>Reintermediation 2: Personal Interaction</td>
<td>.232</td>
<td>.020</td>
</tr>
<tr>
<td>6</td>
<td>Customer Retention: Coexisting With Technology</td>
<td>.205</td>
<td>.010</td>
</tr>
<tr>
<td>7</td>
<td>Reintermediation 2: Differentiated Product (Leisure)</td>
<td>.204</td>
<td>.020</td>
</tr>
<tr>
<td>8</td>
<td>Customer Retention: Differentiated Product (Leisure)</td>
<td>.151</td>
<td>.000</td>
</tr>
<tr>
<td>9</td>
<td>Reintermediation 1: Low Service Fee (Time)</td>
<td>.136</td>
<td>.035</td>
</tr>
<tr>
<td>10</td>
<td>Customer Retention: Reintermediation 2</td>
<td>.103</td>
<td>.018</td>
</tr>
<tr>
<td>11</td>
<td>Customer Retention: Low Service Fee (Time)</td>
<td>.061</td>
<td>.046</td>
</tr>
</tbody>
</table>

In respect of Table 2 and establishing which factors can be regarded as the most significant, it is apparent that coexisting with technology has two significant relationships, namely with reintermediation 2 and customer retention. Differentiated product (leisure) also has significant relationships with all three dependent variables. Factors such as personal interaction and low service fee each have two significant relationships: personal interaction relationships are with reintermediation 1 and reintermediation 2, while low service fee relates significantly to reintermediation 1 and customer retention. High-quality service has a significant relationship with customer retention, while it has been proved that reintermediation 2 has a significant relationship with customer retention.

In order to validate the empirical model displayed in Figure 2, Tables 3 and 4 provide fit indices for the theoretical model (Figure 1) as well as for the empirical model (Figure 2). It can be noted that the fit statistics for the empirical model are significantly higher than the fit statistics for the theoretical model, indicating that the empirical model is superior to the theoretical model.
Table 3. Fit Indices For The Theoretical Model (Figure 1)

<table>
<thead>
<tr>
<th>Index</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bentler-Bonett normed fit index (NFI)</td>
<td>0.562</td>
</tr>
<tr>
<td>Comparative fit index (CFI)</td>
<td>0.745</td>
</tr>
<tr>
<td>Bollen's (IFI) fit index</td>
<td>0.750</td>
</tr>
<tr>
<td>Root mean-square residual (RMR)</td>
<td>0.071</td>
</tr>
<tr>
<td>Standardised RMR (SRMR)</td>
<td>0.089</td>
</tr>
<tr>
<td>Root mean-square error of approximation (RMSEA)</td>
<td>0.071</td>
</tr>
<tr>
<td>90% confidence interval of RMSEA (0.067, 0.075)</td>
<td></td>
</tr>
</tbody>
</table>

Table 4. Fit Statistics For The Empirical Model (Figure 2)

<table>
<thead>
<tr>
<th>Index</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bentler-Bonett normed fit index (NFI)</td>
<td>0.974</td>
</tr>
<tr>
<td>Comparative fit index (CFI)</td>
<td>0.973</td>
</tr>
<tr>
<td>Bollen's (IFI) fit index</td>
<td>0.975</td>
</tr>
<tr>
<td>Root mean-square residual (RMR)</td>
<td>0.020</td>
</tr>
<tr>
<td>Standardised RMR (SRMR)</td>
<td>0.029</td>
</tr>
</tbody>
</table>

The presentation of fit statistics for the model under analysis is followed by a discussion of the results of the investigation to address the hypotheses.

Results Of The Investigation To Address The Hypotheses

The various hypotheses were accepted or rejected based on the level of significance displayed between the dependent and independent variables in the model. Significance is illustrated using path coefficients and associated P-values. Statistically significant path coefficients range between -1 and +1. Hoe (2008, p. 79) states that for paths to generally be considered meaningful they should range between .20 and .30. With reference to P-values, significance is reflected in a value that is below .05. The path coefficients and P-values for significant relationships are displayed in Table 3.

With reference to the hypothesis results, four of the null hypotheses were accepted, namely H0(1), H0(5), H0(7) and H0(8), and their associated alternative hypotheses were rejected, with five alternative hypotheses being accepted (H2, H4, H5, H6 and H9) and thus their corresponding null hypotheses being rejected. An interpretation of these findings indicates that four independent factors, namely personal interaction, differentiated product (leisure), low service fee (time) and coexisting with technology, have a significant effect on reintermediation. With respect to H3, the findings indicate that a relationship between reintermediation and the retention of customers is evident in the travel agency industry. Therefore, it would seem that personal interaction can be considered a powerful reintermediating factor for travel agencies. Travel agents in South Africa need to use personal interaction with customers as an advantage to reassure customers and to obtain customers’ trust in terms of the travel booking process. Travel agents need to conduct more relationship-building activities with customers and create more contact points with customers.

Coexisting with technology, that is improving the use of technological methods in the business, can also be used to win back lost customers, change business processes, and retain customers. It is suggested that travel agents need to embrace technology and make their customer travel bookings online. The antiquated global distribution systems are an unnecessary expense and no longer valid in the current technologically advanced environment. Differentiating products for leisure customers can also be considered to be a significant factor when trying to reintermediate a travel agency as it too can be used to win back lost customers, change business processes, and ultimately retain customers. Travel agents need to create differentiated leisure travel products from those currently on offer by traditional tour operators and online booking sites. The differentiated products should be customised, value added, and unique in order to attract leisure travellers back to booking with travel agencies. Low service fees, that is time versus amount spent on travel services, is also considered to be a significant reintermediation factor. This factor plays a role in winning back lost customers and retaining customers. In respect of low service fees charged, travel agents should charge more for complicated bookings and less for simple bookings, so travellers will see travel agencies as performing ‘value for money’ services. In addition, travel agents need to promote their
services as ‘value for money’ and position their services as ‘time-saving activities’ for travellers. Travel agents should become experts with regard to booking travel online and navigating the Internet in order for customers to consider their services to be of value.

The provision of a high-quality service was also proved to be a strong factor that is directly linked to customer retention. It does not seem to be a reintermediation factor as such, as it does not assist a travel agency in winning back lost customers or changing the way the business functions in this model. A possible rationalisation for this finding is that high-quality service in travel agencies is mandatory and thus cannot be considered to be a reintermediation factor but is ultimately a necessity in customer retention. In other words, high-quality service cannot be used in isolation to win back customers who have migrated to booking online, but it should be upheld at all times. Travel agency owners/managers should consistently monitor service quality with regular research activities such as customer satisfaction surveys and mystery shopper exercises. Finally, the empirical model illustrates that changing business processes in order to reintermediate a travel agency has a direct effect on retaining customers. The relationship between reintermediation and customer retention is not particularly strong but a significant relationship does appear to exist.

CONCLUSION

The primary objective of the study on which this article is based was to develop a model that assists travel agencies to retain customers via the process of reintermediation. It was proposed that eight factors could form the basis for reintermediation marketing strategies for travel agents, and in turn these reintermediation strategies would lead to customer retention. It was revealed that four factors have an influence on reintermediation in the South African travel agency industry, namely personal interaction, differentiated product (leisure), coexisting with technology, and low service fees (time). To produce optimum reintermediation results that lead to customer retention, travel agencies first need to try to win back customers they have lost during the process of disintermediation. They also need to offer leisure travellers a wide array of differentiated holiday products and services, and they need to combine this with a high level of personal interaction coupled with high-quality service delivery that represents value for money. It is believed that through the combined use of these strategies travel agencies will survive well into the future and will be regarded as profitable examples of reintermediated businesses.

AUTHOR INFORMATION

Kim Viljoen is a PhD graduate from the Department of Marketing Management at the University of Johannesburg and a lecturer in the Department of Business Management at the University of Fort Hare in South Africa. Her research interests are services marketing with a specific focus on Relationship Marketing. She is currently supervising Masters degree students in the field of Marketing and Management and has comprehensive experience in the South African services industry.

Mornay Roberts-Lombard is Full Professor of Marketing in the Department of Marketing Management at the University of Johannesburg in South Africa. His areas of specialisation are Relationship Marketing and Customer Engagement. He has published 55 articles both international and local, delivered 75 conference papers at international and South African conferences, supervised 31 post graduate dissertations and published 14 articles in industry journals. E-mail: mornayrl@uj.ac.za (Corresponding author)

Chris Jooste is an Emeritus Professor in the Department of Marketing Management at the University of Johannesburg in South Africa. He has more than 45 years of academic experience in both an academic and leadership position.

REFERENCES


Roberts-Lombard, M. (2001). The influence of the marketing concept on company performance with specific reference to customer services within the travel agency industry in the Western Cape, South Africa.


