

## Examining the Effects of Customer Orientation on Communication Quality from the View of Travel Agencies' Customers in Tabriz City

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### ABSTRACT

Nowadays organizations have concluded that the existence of the organizations depend on the customer satisfaction and loyalty. Customer satisfaction has been regarded as a necessary condition for maintaining customers and satisfying economic goals. Communication quality also shows the total quality of the communication, reflecting customer expectations as a key for communicative success. Regarding the key role of communication quality in customer satisfaction and loyalty, this study aims to examine the effects of customer orientation on communication quality from the view of travel agencies' customers in Tabriz City using library method, internet sources, and field studies. This study is of casual-comparative type using descriptive methods with applied goals. Statistical population of this study included all travel agencies' customers in Tabriz. A researcher-made questionnaire was used whose consistency was confirmed by Cronbach Alpha of 0.842. To analyze data, exploratory and confirmatory factor analysis was used which confirmed all research hypotheses.

**KEYWORDS:** customer orientation, staff expertise, communication quality, customer satisfaction, customer loyalty, verbal advertisements

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### INTRODUCTION

Nowadays, by increasing competitiveness and continuous environmental changes in the world, organizations don't face developing markets and a growing economic system like past times. So, every customer gains more value and the companies should fight for reaching higher market share. In the new marketing world, the main goal is communicating and having long term relations with the customers in order to increase market share and profitability (Haghighi Kaffash et al 2010, 76). Having an illustrative knowledge of determining factors of communication quality is important for a service organization in finding and maintaining relations with customers (Wong & Zhou, 2006, 82-83). From the other hand, several researchers have highlighted the key role of the staff in contact with customers in gaining more organizational achievements. Successful results for service organizations like customer satisfaction, loyalty, and verbal advertisement can be impressed by the personal interactions of the service-provider staff with the customers (Macintosh, 2007, 150). Customer orientation, competition increase, fast changes of technologies and globalization are new concepts changing the world in a way that it can't lead its traditional trend of thoughts and competition (Hax & Majluf, 1996, 1). Since many organizations have found that attracting customers and maintaining them is the factor of their existence in the present world, customer orientation has been recognized as the cornerstone of new marketing management theories (Bardy & Cronin JR, 2001, 241).

In fact, with much attempts for improving performance management tools and spreading customer orientation view by researchers, experts and business organizations' managers have shown the importance of this concept in the business world and for profitability (Kordnaich 2005, 154). Now, customer satisfaction is not enough by itself and customer loyalty should be regarded as well. As a matter of fact, customer satisfaction raises customer loyalty in a way that the customer loyalty becomes a prerequisite for maintaining favorable attitudes and recommending it to the others and repurchase of it (Singh, 2006). Customer loyalty is also a prerequisite for verbal advertisements (Ghaffari 2006). Satisfied customers speak with others about their personal experiences, involving in positive verbal advertisements. On the contrary, dissatisfied customers stop their relations with the company and advertise negatively. Moreover, behaviors like repurchase or verbal advertisements impress the survival and

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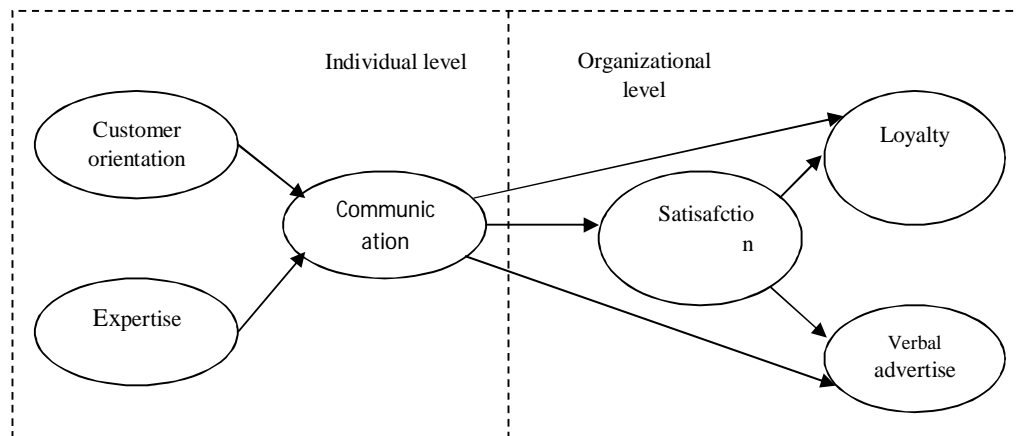
profitability of a company directly (Jamal & Naser, 2002, 147). Customer loyalty is a hybrid concept made of communication quality and loyalty. From one hand, loyalty is defined as a behavioral preference for maintaining brand usage in future. From the other hand, communication quality depends on the interaction between the company and its customers. Based on this supposition, customer loyalty is determined by satisfaction, trust, and commitment (Sanchez Franco et al 2009, 196). At the moment, global business world's deriving motor is customer needs, rather than the products or the market (Theoharakis & Hooley, 2008, 69). With technology growth in representing products and services and increasing competition and presence in global village, the levels of customers' expectation have increased. Now, considering customers' rights has turned into a necessity for the organizations and no company can neglect it because such ignorance has no result for the company, except failure. So far, the competition has been on the market share. But, from now on, it is over customers because it affects all organizational arrangements (Rezai & Shekari 2006, 523). Since customer orientation, customer satisfaction, trust and commitment are the main aspects of communication quality, it can be said that communication quality has an important role in relation marketing (Wu, 2009, 1) and impact the company's performance the most (Clark et al., 2009, 291). From the other hand, customer satisfaction is recognized as a prerequisite for customer loyalty (Torres 2008, 303) and many researchers have talked about the role of customer satisfaction in customer loyalty. Thus, satisfaction is a determinant for every level of brand loyalty (Rauyruen & Miller, 2007, 25). Due to the importance of customer orientation as a profitability key for the organizations, the goals of this study are defined as follows:

1. Investigating the effects of customer orientation on customer perceptions from communication quality
2. Investigating the effects of service providers' expertise on customer perceptions from communication quality
3. Investigating the effects of communication quality on customer satisfaction from the company

#### 4. Investigating the effects of customer satisfaction on customer loyalty

5. Investigating the effects of customer satisfaction on customer's verbal advertisements
6. Investigating the effects of communication quality on customer loyalty to the company
7. Investigating the effects of communication quality on customer's verbal advertisements

This study adopted the model of Gerard Macintosh in 2007 in 2 individual and organizational levels. The point to be examined is if the staff in contact with the customers can yield positive results for the organization or not. The effect of communication quality on customer loyalty and verbal advertisements will also be examined. This model can give a clear understanding of customer orientation effect on communication quality and their advantages for the organization.



**Fig 1. The conceptual model of the study (Macintosh 2007, 152)**

Nowadays, in large or successful corporations, customer is the center of all operations and marketing is based on the customers. Other activities like financial affairs, production, research and development and etc are dependent on marketing (Bolorian 1999, 54-55).

Customer orientation refers to the extent to which the organizational staff focuses their efforts on the customers (Huff & Kelley 2005, 97). Customer orientation is necessary for customer satisfaction and loyalty (Gable et al. 2008, 33). Although the term communication quality is mostly used in seller-buyer relations' literature, there is not a consensus on a unified definition of it (Qin et al. 2009, 393).

Communication quality comes from marketing theories in which the final goal is improving old strong relations and changing indifferent customers to the loyal ones (Rauyruen & Miller 2007, 23). Smith (1998) believes that communication quality is a total evaluation from the intensity of a relation in which the needs and expectations of both sides is seen as successful or unsuccessful, based on the past records of events and contacts (Chang & Ku 2009, 328). High quality relations between buyers and sellers connect the members in a way that they benefit from things more than money or goods' transaction (Clark et al. 2009, 291). Although there is this possibility that communication quality impacts decisions, it is not clear that if such impact is positive or negative (Rijken et al, 28). Communication quality is an index of communication service power. Reviwing literature shows that communication quality can be assessed by customer satisfaction, trust and commitment (O, Brien et al. 2008, 1967). These are key variables for founding communication quality (Sanchez Garcia et al 2007, 154). Different authors in marketing have conceptualized communication quality as a multidimensional phenomenon.

### **Research hypotheses**

1. Customer orientation has a direct effect on customer perceptions from communication quality.
2. The expertise of service providers has a direct effect on customers' perceptions from communication quality.
3. Customer satisfaction has a direct effect on customer loyalty.
4. Customer satisfaction has a direct effect on customer's positive verbal advertisements.
5. Communication quality has a direct effect on customer customer loyalty.
6. Communication quality has a direct effect on customer's positive verbal advertisements.

### **LITERATURE REVIEW**

In recent years considerable researches have been done on communication quality as a key principal in marketing literature. It is evident that communication quality plays an important role in managing effective customer relations. Thus, to benefit from this knowledge fully, it is essential for service managers to comprehend the interrelations of the key factors and communication quality. In this respect, in a study titled "customer orientation, communication quality, and relational advantages for the company" Gerard Macintosh (2007) examined potential relations between customer orientation and communication quality in interpersonal level and the correlation between communication quality and customer loyalty and positive verbal advertisements. In a study titled "a new approach for customer satisfaction, service quality, and communication quality, Sharp et al examined communication and service quality with considerable difference with common patterns. In a MA thesis, Keng Shain Yi (2008) stated his research goal as examining customer perception from service quality, satisfaction, and communication quality in business interactions. In a study titled "communication quality as a predictor of customer loyalty to business," Rauyruen et al (2007) concluded that communication quality impacts customer loyalty or loyalty to business. In this study, both aspects of behavioral and attitude loyalties were examined. In a study titled "the effects of communication quality on maintaining customers", Fisher and Grigoer (2006) examined the effects of communication quality on compensatory actions. In a study titled "the effects of customer satisfaction and communication quality on maintaining customers," Clee and Hening (1997) concluded that customer satisfaction from goods and services is the key of success and long term competition. Gwin examined the effects of relational marketing for the customers and showed that how brand communication trust and quality impress perceived customer value from brand and loyalty to brand.

### **METHODOLOGY**

This study is of casual comparative type using descriptive methods with applied goals. Statistical population of this study included all customers of travel agencies in Tabriz City. Statistical sample included 235 people. To gather data, library and field methods were used. A researcher-made questionnaire was provided which was completed with the customers of the travel agencies. The questionnaire used in this study was the standard questionnaire of McIntash (2007). But for more confidence, it was given to tourism experts and managers to confirm its validity. To test the consistency of the questionnaire, Cronbach Alpha of 0.842 was calculated by SPSS software, confirming its consistency. To analyze data, exploratory and confirmatory factor analyses were used for which SPSS and LISREL software was exerted.

Structural equations model (SEM): Structural equations model is a statistical approach for testing the hypotheses about the relations among observed and latent variables. By this approach the acceptability of theoretical models in specific societies can be tested using correlation, non-experimental, and experimental data. The model of this study is shown in Fig.2

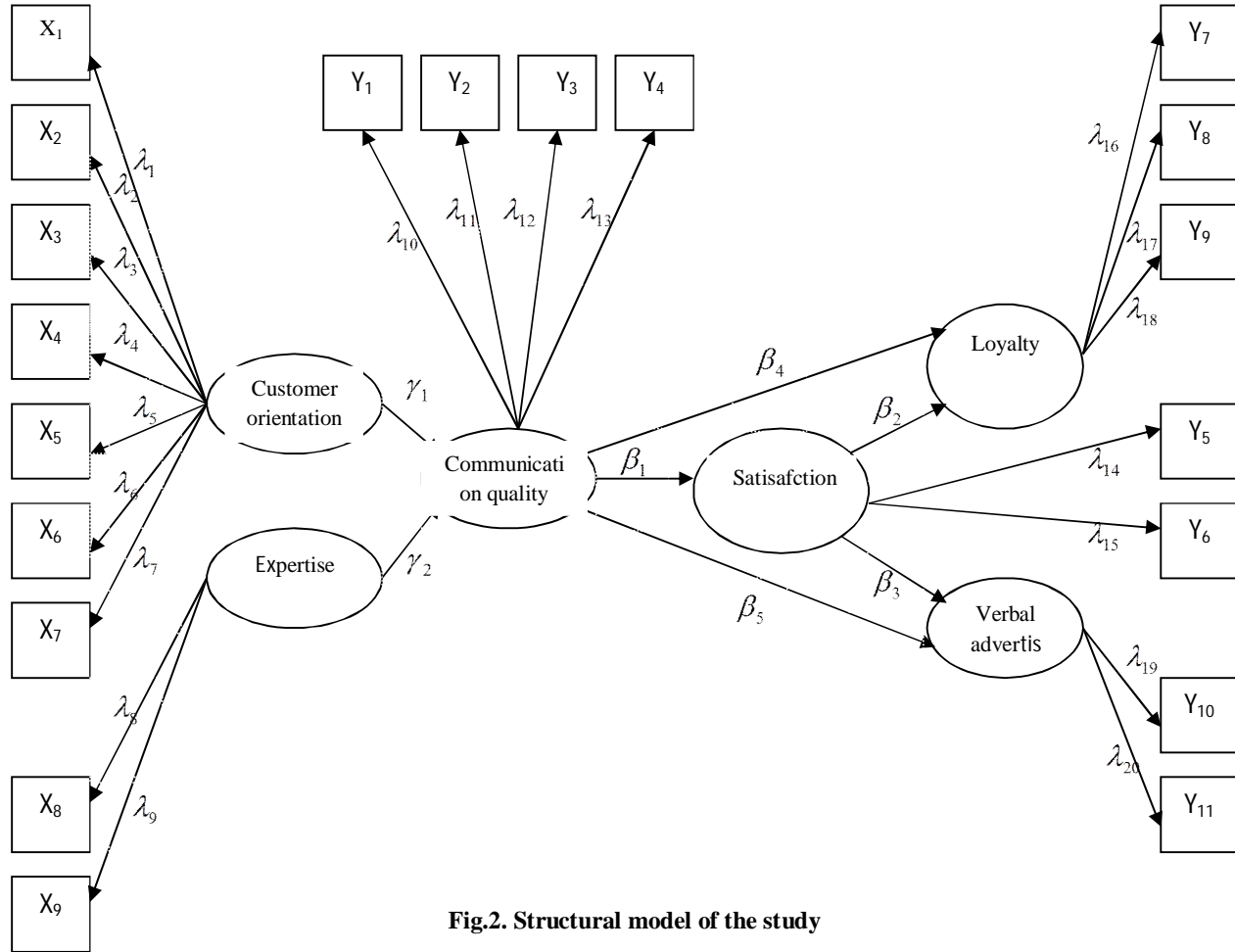


Fig.2. Structural model of the study

**Fitness mode**

Since the fitness index value was 1.99 (< 3), the model fitness was proved. RMSEA value was 0.067 and since it was between 0.05 and 0.08, model fitness was acceptable. GFI, AGFI, RFI, NFI, NNFI, and CFI indices all had the value of 0.9 which reveals the acceptability of model fitness. RMR index value was also 0.23 and since it was smaller than 0.05, it confirms model fitness. The results of exploratory factor analysis showed that KMO value is 0.982, and significance level of Bartlet Test is 0.000. Since KMO value is over 0.7 and Bartlet significance value is smaller than 0.05, it can be concluded that sample volume for doing factor analysis test is proper. So, none of research questions can be omitted and factors clarify the variables suitably. In this study confirmatory factor analysis on the factors was done by path analysis. This analysis also used structural equation model by LISREL software.

Table 1. The results of structural equation model

hypothesis	path		Standard coefficient	Significance value (T statistics)
1	Customer orientation	Communication quality	$\gamma_1 = 1/46$	5/11
2	Employer Expertise	Communication quality	$\gamma_2 = 1/04$	4/24
3	Communication quality	Satisfaction	$\beta_1 = 1/00$	21/47
4	Satisfaction	Loyalty	$\beta_2 = 2/69$	17/71
5	Satisfaction	Verbal advertisements	$\beta_3 = 0/83$	2/20
6	Communication quality	Loyalty	$\beta_4 = 3/69$	6/39
7	Communication quality	Verbal advertisements	$\beta_5 = 0/68$	5/63

Testing  $H_1$ , t value of 5.11 and  $\gamma$  value of 1.46 resulted. So,  $H_1$  is confirmed with 95% confidence.  
Testing  $H_2$ , t value of 4.24 and  $\gamma$  value of 1.04 resulted. So,  $H_2$  is confirmed with 95% confidence and service providers' expertise has a direct effect on customer perception from communication quality.  
Testing  $H_3$ , t value of 21.47 and  $\beta$  value of 1.04 resulted. So,  $H_3$  is confirmed with 95% confidence and communication quality has a direct effect on customer perception from the services.  
Testing  $H_4$ , t value of 17.71 and  $\beta$  value of 2.62 resulted. So,  $H_4$  is confirmed with 95% confidence and customer satisfaction has a direct effect on customer loyalty.  
Testing  $H_5$ , t value of 2.20 and  $\beta$  value of 0.83 resulted. So,  $H_5$  is confirmed with 95% confidence and customer satisfaction has a direct effect on customer's verbal advertisements about the company.  
Testing  $H_6$ , t value of 6.39 and  $\beta$  value of 3.69 resulted. So,  $H_6$  is confirmed with 95% confidence and communication quality has a direct effect on customer loyalty to the company.  
Testing  $H_7$ , t value of 5.63 and  $\beta$  value of 0.68 resulted. So,  $H_6$  is confirmed with 95% confidence and communication quality has a direct effect on customer's verbal advertisements about the company.

## **Conclusion**

This study concludes that nowadays economic activists and other experts have accepted that the oxygen for breathing in business world is customer orientation. The more oxygen (customer orientation) in business world, the easier the organization will breathe and viseversa. If this oxygen reaches zero, the economic life of the organization will end. That is why all economic activists repeat the famous statement of "customer is always right." Testing the hypotheses showed that customer orientation and staff expertise is positively and significantly correlated with customer perceptions from communication quality. Communication quality is positively and significantly correlated with customer satisfaction, loyalty, and verbal advertisements. Customer satisfaction has also a positive and significant correlation with customer loyalty and verbal advertisements.

## **Suggestions from the study**

Based on research findings, the following suggestions can be offered:

1. The first demand of every customer is respect. When the customer is treated respectfully, he or she will reflect respectfully. Then, an atmosphere appears in which the customer doesn't feel alienation.
2. The customer measures and evaluates the staff as soon as entering an organization. The better, cleaner, and more regulated the staffs are, the more relaxation the customer feels.
3. One of the customers' demands is getting favorable services in the shortest time. Both speed and accuracy should be regarded in this respect. Either of these two factors creates dissatisfaction without its counterpart.
4. Organizational staff should be trained for better time consideration (speed) and favorable service (accuracy) during service provision.
5. Customers are invisible judges of an organization. Most customers don't comment on the company and just few spent their precious time for mentioning defects. So, the organization should encourage them to suggest or criticize about the company.
6. Sometimes a customer goes to rival or similar companies to compare service provision quality in them. Thus, the company should regard both his prices and market value to attract more customers.
7. Staff satisfaction can lead to customer orientation. If an employee is satisfied in the company, he can transfer it to the customer as well.
8. Human force should be selected with related education and expertise for the positions.
9. Commitment, job conscience, and attempts for promoting responsiveness among the staff should be promulgated.

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