Do Travel Agencies provide Sufficient Value to their Clients?

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Abstract
Airline commissions’ cuts and the use of Internet for reservations have severely affected Swiss travel agencies. To survive, travel agents are redesigning their job as to become travel consultants. However, customers are not willing to pay for the service provided and current fees are not representative of its perceived value. We have designed a theatre-based experiment to discover the Willingness-To-Pay for a travel agency experience. Results show that individuals are not willing to pay anything for an unpleasant experience. By contrast, only 1/3 of the sample would pay enough for an outstanding service experience to make such a business sustainable.

Keywords
Experimental study, theatre, service design, travel agent, human simulation, service pricing
DO TRAVEL AGENCIES PROVIDE SUFFICIENT VALUE TO THEIR CLIENTS?

INTRODUCTION

In Switzerland, travel agents are professionals in charge of informing, counselling, organising travels as well as providing accommodation, transportation and sometimes tour guide services to the travellers. This is the definition provided by OFS, the Swiss Federal Office of Statistics (source: http://www.bfs.admin.ch).

Up to 2002, most of the travel agencies income was raised through the commissions earned by the sale of airline tickets (Debély et al., 2007). Thereafter, the world leading carriers have introduced a 0% commission’s policy towards their agents. This happened first in the US in March 2002 at 8 major American airlines, followed by Air Canada on April 23rd 2002 and then by all other international airlines around the world (Knowledge@Warton, 2002; Amadeus 2007). In Switzerland, the national airline “Swiss International Air Lines Ltd.” cut commissions to its agents only in 2005 (source: http://www.swiss.com). More in detail, according to IATA, the International Air Transportation Association (source: http://www.iata.org), the Swiss spend roughly CHF 3 billions per year on airline tickets. This means that, assuming an airline ticket duty of 7% (as in the years 1998-2002/2005, see Amadeus, 2007) in average, the travel agency industry has lost approximately CHF 210 millions per year.

To fill up such missed income, agencies have transferred this revenue straight to their customers by introducing a booking or service fee (Dolnicar and Laesser, 2007). Therefore, to save such charge, most travellers have turned into the Internet and to phone booking centres (Lewis et al., 1998) where they can make reservations at their convenience using their own debit or credit card. Thus, in 2005, only one third of travels were booked through the Swiss travel agencies (Credit Suisse, 2005; Debély et al., 2007). In 2006, this trend has been confirmed, with “more than one fourth of Swiss making reservations for their holidays through the Internet that equals the traditional travel agencies” (Credit Suisse, 2007).

To survive, travel agencies must redesign their job: they are slowly becoming travel consulting bureaus rather than booking centres. This can happen as in the industry of travelling, information and knowledge play a strategic role (Deng et al., 2000); thus, the travel agent’s work becomes a knowledge-based service with a high added value (Lewis et al., 1998). A knowledge-based service can be described as a service delivered by highly trained providers that offer a high quality service designed to meet the customers’ needs (Debély et al., 2007).

This innovation in the travel agency industry has been explored by Morgan and Trivedi (2007). The two authors highlight that, nowadays, the added value of the travel agents has its roots not in making booking or providing information ease of access, but it relies on the deep understanding of the customers and their needs.
As in all services, to price effectively the service provided by the travel agent represents a difficult task. The pricing of a service relies upon three pillars: internal organisational costs, the competitors’ prices and the perceived value by the customers (Catenazzo and Fragniére, 2008). In this research, we focus our attention on the latter, i.e. the value perceived by the customers in the service experience. Thus, we aim to discover individuals’ Willingness-To-Pay (WTP, see for example Nomura and Akai, 2004) for a travel agency service experience. Thus, our main research question is as follows: do travel agencies provide sufficient perceived value to their clients in order to be profitable? To attempt to provide an answer to this concern, we have designed a theatre-based experimental study to identify some key patterns associated to this theme.

This paper is organised as follows: in the coming section, we present some of the existing literature associated to this theme, i.e. the pricing of a travel agency service. We also outline the importance of using human simulation in making visible the value of such service experience. Then, we present in depth our experimental study as well as the main results provided by our experiments. Data have been analysed in depth through statistical analysis.

LITERATURE REVIEW

As introduced above, it is not easy to price a service. This happens because of the characteristics of services that are, by definition, intangible, heterogeneous, instantaneous and perishable. Services are intangible goods: their production results in the creation of immaterial value. Such goods are invisible for the customers; the lack of standards to judge them objectively makes the production of services a pure individual experience. Also, the service experience is lived by an individual: it is unique since non-replicable and then instantaneous. Indeed, most of the time, the production of a service results from an individual-to-individual transaction. Finally, services are perishable as it is impossible to stock, re-sale or give them back (Laine et al., 2006).

However, the customers do not always perceive such value: making individuals aware of the worth of intangibles is not easy, not all individuals acknowledge it and perceptions may differ a lot. In the case of the travel agencies, a survey research conducted in the Geneva area in 2006 has evidenced that clients are aware of the value of the service provided but they are not ready to pay for it (Debély et al., 2008). Further analysis on Geneva customers has highlighted the importance of the travel agents’ expertise: this knowledge is considered as very useful but, again, individuals are not willing to pay to benefit of it (Debély et al., 2007).

The importance of travel agencies in terms of the services provided and expertise sharing has been investigated in Hong Kong by Lam and Zhang (1998). The two authors have conducted a survey research among 209 travel agents in Hong Kong in which they evidence a large breach between customer expectations and
perceptions. Moreover, they outline that corporate image is not a factor that influences the perceived service quality. So, yet in 1998, the two authors suggested travel agencies to focus on the human capital and make investments on it. In practise, the implementation of a long-term plan of training and management of employees was supposed to be the right direction to improve the quality of the service provided and guarantee the survival of agencies.

The gap between travel agencies and customers’ expectations has also been studied through game-theoretic tests. A sample of 198 hotel customers who booked a hotel room through a travel agent in the six months before their stay have been tested: results show that the higher the room rate, the less the value perceived by the consumer and vice-versa (Morgan and Trivedi, 2007).

Expertise and tacit knowledge represent the added value provided by travel agencies. This is confirmed by an international online survey conducted upon 132 individuals. The research has pointed out that travel agents are perceived as more effective than the Internet in terms of providing a more comprehensive idea of the destination as well as of the whole journey. Also, the quality and the choice of the information offered are better than in the Internet (Bodganovych et al., 2006).

But the role of information and technology is also important for travel agencies to survive and being competitive. This is the main finding of a survey research conducted among random sample of 84 Canadian and 83 New Zealander travel agents designed to assess the relevancy of information communication technology (ICT) systems among the travel industry (Deng et al., 2000). Thus, the Internet and other ICT tools can be seen as an opportunity, not necessarily a danger (Suárez Álvarez et al., 2007). The impact of ICT in an intermediary industry positioned between customers and providers has been explored by Lewis et al. (1998). The authors identify the upcoming challenges of the travel agency industry which can be listed as providing added-value services, making ICT use successful and developing customers’ loyalty.

METHODOLOGY

To price the travel agent’s service, we have made a theatre-based experiment. Tests were held at two separate groups of adults (mainly professionals in the public or private sector) who attended the Geneva Haute École de Gestion annual Symposium, last November 28th 2007.

Theatre for business and organisations has also been recognised to have didactic qualities: it is considered as extremely useful for teaching communication, improving the oral expression, ameliorate employees’ sales techniques, languages teaching and learning. Also, it is acknowledged to have pedagogic merits such as making individuals feel part of a group, being a manager and making communication easier, (Salgado, 2005).
on business students and executives who have followed a theatre-based training agree by underlying the importance of the theatre their development (Salgado, 2008a). Finally, theatre-based techniques allow overseeing individuals in their completeness: this means that individuals’ intellectual, physical and emotional dimensions are explored (Salgado, 2008b).

Thanks to this acknowledged usefulness of theatre in solving management and organisational issues, we have designed a theatre-based experiment representative of the service production and consumption in a Swiss travel agency. We have used theatre-based techniques in order to price the perceived added value of a typical travel agent service in Switzerland.

We call by “theatre-based experiments” tests held in a theatre-like space, in which there are two parties: actors and spectators. We plotted two hypothetical Swiss travel agency services and customer experiences and made them visible to two independent groups of individuals. Two professional actors (a man and a woman) on stage had to play two scripts showing two travel agents’ consulting service experiences and spectators were asked to price them through the customer’s side. More in detail, actors played two scripts: a very low quality travel agent’s service experience followed by a high standard one.

In the very low quality service experience, the customer, Mrs Pittet, a high-class Geneva woman goes to a travel agency to organise a tour in Andalusia for a group of friends and herself. She regularly goes to that agency and she is always satisfied by the services provided by Mr Paul, one of the employees working there. However, that day Mr Paul is absent and another agent (man) is at her service. Mrs Pittet asks him for a personally designed tour in that region of Spain, she expects an outstanding travel, regardless of the total price of the journey. The agent doesn’t show a customer-oriented behaviour: he suddenly answers a personal phone-call and then attempts to propose Mrs Pittet a catalogue-based tour. He is not an expert of Spain, he neither speaks Spanish but according to him, going to Spain is “an ordinary trip, everybody knows where to go and what to see”. So, he insists on the quality/price of the packages on the catalogue that he continues to show her. Again, Mrs Pittet makes clear that the budget is not a priority and she wishes a personally designed and unforgettable adventure: the travel agent still continues to show his confidence towards the tour operator he has got several catalogues on hand and on his table. After a few minutes, the customer, nervous and unsatisfied by such agent’s attitude, leaves the agency.

The second play shows a very high-quality travel agent service. The customer is a direction secretary (woman) who is tired, sad and anxious as the directors of the company she works for have decided to fly from Geneva to New York a few days later. This travel must be planned in a hurry and the directors always have high expectations. They will go to the American city for business and for shopping for a few days. The travel agent
(man) starts by welcoming his customer and then listens to her requests. He attempts to reassure the customer, offers her a glass of water and when his mobile phone is ringing, he turns it off. He is a very professional man; he attempts to make his customer at ease and answers to all of her requests. Finally, he promises the customer to send her a bid the day after, gives her a business card and, again reassures her that everything will be fine. The customer leaves the agency reassured, relieved and thankful to the travel agent.

The two scripts were played in front of a group of spectators: we repeated the test twice, with two independent groups of adults who could not communicate with each other. So, on the public side, a group of spectators (35) assisted to both plays (5-8 minutes each). They were then asked to freely state their Willingness-To-Pay (WTP) (Debély et al., 2008; Nomura and Akai, 2004): each had to price the service experience as if s/he were experiencing it from the customer’s side. WTP had to be elicited for both scenarios. The spectators were provided with a sheet of paper for both experience and were asked to write down their WTP in Swiss Francs.

The same experiment was replied with a second group of people (42) that could not interact with the first one. Each individual of the second group assisted to both plays and then was asked to elicit her/his WTP. For this second experiment, the spectators were asked to state their WTP by choosing among the following possible answers: CHF 0, CHF 50, CHF 100, CHF 150 and CHF 200. Each individual of this second group was asked to elicit her/his WTP for both scenarios.

**OPERATIONAL DEFINITION**

This experiment has been conducted in the occasion of the Geneva Haute École de Gestion Symposium entitled “Draw-me a service! Enterprises and administrations: new techniques to conceive and value your services” which took place last November 28th in the buildings of the school. During all day, participants were introduced to the underlying service science issues together with a selection of best practises relating to both the private and the public sectors. Each participant, mainly adults active in the locally-based private and public organisations paid CHF 170 for the whole day: among others, this gave us the opportunity to funding our tests made with the help of professional actors.

Thus, our experiment was held during the afternoon when participants had already been introduced to the main basic concepts of service management, that is to say, the IHIP paradigm (Intangibility, Heterogeneity, Instantaneity and Perishability, see Catenazzo and Fragnière, 2008; Laine et al., 2006) and its practical applications. Several participants (77 in total) chose the two parallel sessions called “Service Design Workshop” without being informed in advance about the experiment running.

The two scripts were written by Mr Gaëtan Derache and attempted to show in a humoristic way two opposite
service experiences: a low quality or unpleasant experience and a high standing one in which it was possible to outline the expertise and quality of the service provided. This clear-cut difference among the two service experiences was designed with the aim to make obvious the gap occurring between them. The choice of using professional actors was driven by two main factors: first of all, their expertise in playing different roles in front of a wide public was judged as a condition *sine qua non* to make the representations credible towards a group of adult spectators paying to assist and participate to the experiment. Secondly, professional actors are able to replicate the plays several times in an identical manner. These conditions allowed us to replicate the experiment twice in front of two separate groups of adults.

We can mention a few issues related to the experiment: first, because the two groups are independent our experiment falls in the category of independent measure design which is also known as between subjects design. Second, in terms of factors, the dependent variable corresponds to the WTP stated by the respondents and the independent variable is represented by the individuals’ perception produced by the two scenes played by the professional actors.

The physical environment in which the professional actors played the scripts, i.e. the School annual event, the classroom, the day of the week, the stage of the plays… that might have influenced the individuals’ perceptions have not been changed along the experiments. Thus, the environmental variables could be as much as possible kept under control since, on the same day, time and place individuals have participated to an identical test.

The experimenter asked the participants to the experiment to sit in the classroom and to watch the coming short play which was going to be presented in front of them. After the end of the demonstration, the experimenter asked the tested adults to state their WTP for the service experience by writing it on a provided document. Participants were not allowed to communicate with each other during and after the experience.

**Figure I**

<table>
<thead>
<tr>
<th>PLAY 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>How much would you be willing to pay for this service?</td>
</tr>
<tr>
<td>CHF [ ] [ ] [ ] .-</td>
</tr>
</tbody>
</table>

This document was then collected to all participants; afterwards, the second play followed. Again, after the end of the play, the experimenter asked the tested adults to state their WTP for the service experience they have
just observed by writing it on a provided document.

**Figure II**

<table>
<thead>
<tr>
<th>PLAY 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>How much would you be willing to pay for this service?</strong></td>
</tr>
<tr>
<td>CHF</td>
</tr>
</tbody>
</table>

After collecting this second document, an explanation of the experiment followed together with participants’ questions and suggestions.

Immediately after that the first group of tested individuals left the classroom, a second group entered into the classroom without any contact with the previous one. The same experience was replied with the same technique as described above. The only change that was made concerns the documents on which the participant had to state their WTP. For this second round, the following document model was provided:

**Figure III**

<table>
<thead>
<tr>
<th>PLAY 1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>How much would you be willing to pay for this service?</strong></td>
</tr>
<tr>
<td>CHF 0.-</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

This means that individuals were not free to elicit their WTP at their convenience but had to choose among the four possible provided answers, i.e. CHF 0, CHF 50, CHF 100 and CHF 200. The choice of this scale is motivated by what we have learnt by a first attempt on how to price the service of the travel agent. CHF 0, CHF 50, CHF 100 and CHF 200 correspond to the fixed fee scheme that we have observed in Geneva main streets agencies. We have chosen a maximum choice of CHF 200 as this represents the acknowledged fee enabling the travel agency to be profitable when packaging a full journey. Thus, we assume that people selecting CHF 200 might have a WTP which is higher or equal to this amount. The consistency of this scale is then verified when comparing the experiments associated with the overall free scale.
The above document was submitted to assess the WTP for the first play, i.e. the unpleasant service experience. Again, the participants to the test could not interact with each other. Then, the filled forms were collected and the second script was played by our actors. Spectators were asked to state their WTP for this second play on the following document:

**Figure IV**

<table>
<thead>
<tr>
<th>How much would you be willing to pay for this service?</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHF 0.-</td>
</tr>
</tbody>
</table>

At the end of the plays, this second document collected, an explanation of the experiment followed together with participants’ questions and suggestions.

**RESULTS & HYPOTHESES TESTING**

We have coded all data with *SPSS 15 for Windows* software. Here follow the main findings issued by the analysis of the data collected.

For the first service experience, i.e. the low quality and unpleasant service experience, the stated WTP for both rounds is CHF 0 as collected in our sample. This means that in both cases, the elicitation tool (free WTP elicitation document and the multiple choice one) has no influence on the results. All adults who participated to the test agree not to be willing to pay anything for the service experience they had just observed.

The second service experience, that is to say the high quality service experience leads us with different WTP. First of all, participants who assisted to the first round and were free to elicit their WTP show a mean WTP of CHF 220.29 with a standard deviation of CHF 276.20. The median WTP is CHF 100 and the mode is CHF 100, on a range spanning from CHF 0 to CHF 1000.

For the second round, where individuals were asked to state their WTP according to a provided scale (CHF 0, CHF 50, CHF 100 and CHF 200), the mean of the elicited WTP is CHF 117.85. The median WTP is CHF 100, the mode CHF 100 and the standard deviation CHF 66.09. In this second sample, the stated WTP spans from a minimum of CHF 0 and a maximum of CHF 200.

Thus, we can affirm that most spectators are willing to pay for the second service experience. Although the
stated WTP does not assure that individuals would accept to pay the elicited amount (Garrods and Willis, 1999),
we can affirm that individuals perceive a value in the second service experience and are likely to pay for it.

Frequencies for both rounds on the second service experience can be visualised as follows:

Figure V

If we compare visually the two rounds WTP distribution as presented in Figure V, we can see that Round 1
distribution displays more granularity than Round 2 distributions. This seems to be logical since participants
could write down their WTP as they wanted. Nevertheless, both median are identical. Moreover, looking at both
samples, we notice that roughly one third of responses indicate a WTP of greater or equal than CHF 200.

Furthermore, we have tried to replace CHF 200 in round 2 answers’ by CHF 509. This value has been
calculated as the mean of those WTP in round 1 which are equal or higher than CHF 200. In this way, for both
samples, we obtain a mean WTP of CHF 220.

As previously mentioned, the break-even point for a travel agent’s service can be estimated at roughly CHF
200. This means that below this level, operational costs would be higher than revenues and several agencies
won’t be able to survive. Thus, we hypothesise that the value of a service experience perceived by clients must
be far higher than its production cost to ensure the economical sustainability of the service. Consequently,
regarding the travel agency context, we would like to test if a typical travel agency service experience can
provide sufficient intensity in terms of value perception.

Official data for 2005 and 2006 announce that only one third of travels are booked through travel agencies
(Credit Suisse, 2005; Credit Suisse 2007). This means that two thirds of the travels are reserved through other means. In our experiment, participants had the opportunity to see an outstanding service experience and were asked to price it. Thus, we would like to see in our experiment whether the proportion of individuals willing to pay CHF 200 or more the service experience differs from the current knowledge of one third buying through traditional travel agencies. For this reason we have designed the following hypothesis scheme:

**H₀**: There is a proportion of 2/3 of individuals whose WTP is inferior to the required travel agency service fee.

**H₁**: There is not a proportion of 2/3 of individuals whose WTP is inferior to the required travel agency service fee.

To test this hypothesis we have used a test called “binomial test for a dichotomous variable” (Bryman and Cramer, 2006) with a test proportion value of 0.666 that is to say 2/3 of the sample. To make the test, we have recoded all values in order to have a dichotomous variable that relies upon two WTP classes: stated WTP under CHF 199 (Group 1) and stated WTP equal or superior to CHF 200 (Group 2). Thus, if the test shows that 2/3 of the sample is willing to pay a sum inferior to CHF 200 for the travel agent service, then the other 1/3 is. Otherwise, we shall reject the null hypothesis and retain the one affirming that there is a different proportion between those willing to pay more than CHF 200 and those who are not.

We have tested the whole sample answers (round 1 and round 2) to verify our hypothesis.

**Table I**

<table>
<thead>
<tr>
<th>Category</th>
<th>N</th>
<th>Observed proportion</th>
<th>Test Prop.</th>
<th>Asymp. Sig. (1-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>WTP Group 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WTP &lt; 200</td>
<td>49</td>
<td>.636</td>
<td>.666</td>
<td>.323(a)</td>
</tr>
<tr>
<td>WTP &gt;= 200</td>
<td>28</td>
<td>.364</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>77</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Based on Z Approximation.

The p-value of the test being .323, we fail to reject the null hypothesis. On the basis of the test we have made, we can affirm that 2/3 of individuals have a WTP which is inferior to the required travel agency service fee. We can then conclude that only 1/3 of the sample is willing to pay for at least the mainly adopted fixed fee by the
Swiss travel agents.

We have also checked whether there are differences frequencies between the sample two rounds. Again, we have used the dichotomous variable as in the previous test. Participants assisted to the same service experience, but they were not allowed to interact with each other and they had different elicitation tools (free statement, provided multiple choice scale). We can visualise the distribution of the answers provided by the two rounds through cross-tables and diagrams:

**Table II**

Cross table: round 1 * round 2

<table>
<thead>
<tr>
<th></th>
<th>Round 1</th>
<th>Round 2</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>WTP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WTP &lt; 200</td>
<td>21</td>
<td>28</td>
<td>49</td>
</tr>
<tr>
<td>WTP &gt;= 200</td>
<td>13</td>
<td>15</td>
<td>28</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>43</td>
<td>77</td>
</tr>
</tbody>
</table>

**Figure VI**

![Bar chart showing frequencies for WTP comparisons between Round 1 and Round 2](chart.png)
To verify whether significant statistical differences can be outlined by the two rounds we have made a test called “Chi-square for two unrelated samples”.

**Table III**

Chi-Square Tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
<th>Exact Sig. (2-sided)</th>
<th>Exact Sig. (1-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-square</td>
<td>.092(b)</td>
<td>1</td>
<td>.761</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuity Correction(a)</td>
<td>.004</td>
<td>1</td>
<td>.948</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>.092</td>
<td>1</td>
<td>.762</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fisher’s Exact Test</td>
<td>.092</td>
<td>1</td>
<td>.762</td>
<td>.814</td>
<td>.473</td>
</tr>
<tr>
<td>Linear-by-Linear</td>
<td>.091</td>
<td>1</td>
<td>.763</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a Computed only for a 2x2 table

b 0 cells (.0%) have expected count less than 5. The minimum expected count is 12.36.

The p-value of 0.473 for this test show let us reject the hypothesis of differences between the rounds. We can then affirm that there are no statistical differences in the dichotomous variable provided by the spectators of the first and the second round.

**CONCLUSIONS**

Travel agencies are suffering the current changes in the tourism industry. This is caused mainly by the entrance of the Internet as a huge competitor in the booking operations and by the cut of airline commissions starting from 2002. These two factors have severely affected the travel agency industry that should redesign itself. Thus, travel agents shall become travel “consultants” or travel “experts” instead of booking employees.

Therefore, we assist to a change in the job which becomes more and more a high added-value service. Customer service associated with technical knowledge and the agent’s expertise become crucial elements in the production of the travel agency service experience. The value of the service provided must be well acknowledged by the customers who should accept to pay the agencies an adequate sum to make this kind of business profitable. So, the overall customers’ willingness to pay (WTP) for travel agency services experience
should be sufficient to cover the agencies’ operational costs and to make profits.

To deal with this service pricing issue, we have designed a theatre-based experiment that has been run on 77 adults participating to a Geneva Haute École de Gestion annual event presenting service management issues for both private and public organisations. Two professional actors have played two scripts in which they showed the spectators two opposite travel agents service experiences: a low quality and an outstanding one. At the end of each play, participants were asked to state their WTP for this service experience. The same service experiences were showed to two different groups of adults that could not interact with each other but had different WTP elicitation tools. Participants of the first group were free to state their WTP for both service experiences on a provided document while those of the second group should choose their WTP on the basis of a provided scale (CHF 0, CHF 50, CHF 100 and CHF 200).

Since the travel agencies operational costs for a travel package can be estimated at about CHF 200, we have gathered together the two rounds data and divided them in two sets: values below CHF 200 and those equal or above this sum. This has allowed us to have a data set in which it was possible to identify the individuals willing to pay a sufficient travel agency fee to make their business sustainable and those who are not, and would rather use alternative tools to organise their travels.

Official data show that in Switzerland, in 2005 and 2006 only one third of travels were booked through travel agencies. We have made a non-parametric statistical test to verify whether the same proportions apply to our small sample that assisted to a human simulation of an outstanding travel agent service experience. Our test evidenced that the same proportion apply to our participants: 2/3 are not willing to pay a sufficient sum for the travel agent service to cover its operational costs and being profitable. Also, a further test has evidenced that no significant statistical difference exists between the stated WTP of participants to the first round and to the second one.

Finally, we can conclude that only one third of customers are willing to pay a sufficient fee for a travel agency service experience. The perceived value of the service provided expressed in monetary terms is in a general manner not sufficient to cover the agencies operational costs. In fact, people are not ready to properly assess the value provided by the travel agent. We have observed this attitude in real context since in the past years agencies services were provided for free. Consequently, their worth might not have been fully acknowledged.

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