

IMPACT OF LOGISTICS SERVICE QUALITY ON BRAND IMAGE, CUSTOMER SATISFACTION AND CUSTOMER LOYALTY

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ABSTRACT

The increased use of logistics service has resulted in concerns over the factors which actually affect the customers loyalty towards a specific firm. This research aims to identify the impact of several contributing factors to customers loyalty. The data was gathered by using non probability convenience sampling technique from the users of different logistics service providers. On a useful sample of 106 responses, Partial Least Square-Structural equation modelling (PLS-SEM) was used to test the proposed hypothesis. It was revealed in the findings of the research that logistics service quality, brand image and customer satisfaction have a positive impact on customer loyalty regarding logistics service. Importantly it was found that logistics service quality has a positive impact on brand image and customer satisfaction while brand image also has a positive affect on customer satisfaction. Lastly, customer satisfaction has a direct positive impact on creating customer loyalty. This research was able to offer implications to the concerned personnel of logistics firms that how they can ensure that their customer remain satisfied and ultimately become loyal to the firm.

INTRODUCTION

Since the competition in the service industry continues to grow, the company's ability to completely understand their consumer and ensuring that are satisfied the services being provided becomes increasingly important. Most of the researchers in their works, such as: Campos and Nobrega (2009), Chi and Nurliza (2010), Chen, Chang and Lai (2009), Huang and Huang (2012), Davidavičienė and Meidute (2011), Jaiswal (2008), Jayawardhena (2010), Juga, Juntunen and Grant (2010), Lu and Yang (2007), Meidute, Litvinenko and Aranskis (2012), Mentzer, Flint and Kent (1999), Mentzer, Flint, and Hult (2001), Kilibarda, Zecevic and Vidovic (2012), Panayides (2007) note that the customer is the most important element of any business in the

service industry. When assessing this, it is important to keep in mind that all the activities performed of the service sector are focused towards the customer and their results are directly dependent on the customer's preference in the future. According to Liu and Xie (2013), Xie, Wang, and Lai (2011), Rahman (2008), Tapiro and Kogan (2007), Hayes and Hill (2006), and Balachandran and Radhakrishnan (2005), quality is fundamental to service. Ensuring quality customer service is one of the main challenges faced by the firms in the rapidly growing service sector, as industry performance is. Considering this, I am convinced that out of all guarantors of the current logistics the most important is the quality of services that know that services are especially indispensable (CHEN,

Chang). AND LAI, 2009, so Huang, Wang, Xue, 2012), so closely related to customer needs. According to many authors (Zeithaml, Berry and Parasuraman, 1993; Woodall, 2001; Chapman, SOOSAY AND KANDAMPULLY, 2003; Gorla, Coquers and Wong, 2010) Customers allow and interpret environmental factors It depends on the method). It affects expectations for expectations. Certain factors can be controlled by the company, providing and being ready, but other factors depend more on customers (social, psychological and cultural), hence, logistics companies are faced with a huge problem in order to understand the needs of their customer, to discover his needs and try to fulfill customer expectations. Given this, logistics service providers must keep in mind that the desire for a competitive advantage and an increase in the circle of customers, they must immediately guarantee customer recognition as a service once, is recalled for a long time, and the fact that the fact that it was qualities or in addition, will determine. Customer selection; And this means for the logistics company, whether it could attract or keep the customer or not. As logistics develops rapidly around the world, customer loyalty is also extremely important. Recently, competition between delivery companies to supply goods to shippers has intensified, making it difficult to maintain customer loyalty. Today, many companies want loyal customers who can become good customers. A loyal customer is usually someone who can inform others about the delivery services they frequently use (Rumondang et al., 2020). But no matter how faithful they are, if the customer feels uncertain or suspect, they will eventually go to another delivery service (Rianto and Widayanto, 2020). Even if marketing experts already have a faithful customer segment, they continue to switch to competitors, so they cannot overlook the intense competition pressure of intentionally changing customers. In the product distribution service, companies need to constantly improve the quality of the service in order to gain consumer trust and loyalty (IRNANDHA, 2016). Efforts to improvise the service quality include expansion of range, travel time, guarantee, and improvement of service response (Maulanasari and Asshofi, 2021). The improvement of services to meet the increasing

competition is also reflected in the existence of various delivery services.

1.1 Research Gap

In service industry, operations are carried to fulfill customer expectation regarding the service. In logistics industry, service quality has a vital role in ensuring that a positive brand image is created in the mind of the consumer. Logistics service quality has a significant impact on customer loyalty which will be analysed in this research

1.2 Problem Statement

As shown in the research results by Bawa et al., (2013), Service quality plays a major role in ensuring customer satisfaction which ultimately leads to the establishment of customer loyalty. Manimaran (2010) discovered through the results of the research he conducted that service quality is a major driver when creating customer loyalty, additionally providing an indirect affect through customer satisfaction. Picon et al., (2014) also stated that service quality affects customer loyalty.

1.3 Objectives of Research

This study will address the following research question:

To establish a clear understanding of the variables involved (logistics service quality, brand image, customer satisfaction & customer loyalty) and to analyse the impact of logistics service quality and brand image on overall customer loyalty.

1.4 Purpose of Research

The research seeks to analyse a structure which is aimed at evaluating logistics service quality and brand image as factors which influence customer satisfaction and ultimately impacts customer loyalty

1.5 Limitations of Research

A number of limitations were encountered during the research, first of all the concept of customer satisfaction is almost non-existent in Pakistan specially in logistics industry. Since Pakistan has a small number of established logistics companies resulting in lack of competition restricts the customers to shift in case of unsatisfactory services. If healthy competition would have existed in Pakistan it would have helped in diversified data collection enabling in-depth analysis but it was not possible. Furthermore, the time constraint for this research restricted geographical diversified

data collection and data collected from one location had to be generalized.

1. LITERATURE REVIEW

2.1 Logistics service quality

Due to the nature of concept of performance being multidimensional is not easy to define. According to Masudin, Fernanda and Wideayat (2018), the performance can be defined as the company's ability to ensure customer satisfaction. From this perspective, in the era of globalization, supply chains operate in a more pervasive environment than ever before, and logistics plays a vital role for both businesses and consumers. Good logistics ensures that consumers have access to the products and services they need, and that supply meets demand within a reasonable time and at the lowest cost. According to Masudin, Lau, Safitri, Restuputri, and Handayani (2021), logistics quality can contribute to an organization's performance as it creates value for the company's stakeholders when the supply chain is reliable and efficient in delivering products to its final consumers. In addition to playing an important role in company performance, logistics performance can also increase the company's competitiveness among competitors as it improves the quality and timeliness of the supply chain. Meidutė-Kavaliauskienė, I., Aranskis, A., & Litvinenko, M. (2014), Service quality and customer satisfaction are closely related and can sometimes be considered as definitive concepts. Customer satisfaction is one of the key factors in evaluating service quality. If it is difficult to define service quality, it is even more difficult to determine satisfaction levels. According to Caceres & Paparoidamis (2007), Gorla, Somers & Wong (2010), the quality of services is the predecessor of customer satisfaction, which can assume that the quality of services creates customer satisfaction. However, it can be said that the quality of services and customer satisfaction are the main elements of customers on the long-term and successful business relationships of customers (JayaWardhena, 2010; Hoang, Igel, Igel, & Laosirihongong, 2010; Rahman, 2008, 2008, 2008). (Caceres & Paparoidam (2007) believes that Thar is particularly important in today's business environment, as the relationship between customers and services is far or at least foreseen, as it is the largest elements of the service market is the development and support for customers. In

the course of their operations, logistics businesses must demonstrate their dedication to their clients. Customer satisfaction is the goal of every business, according to Zairi (2000). This is because, as he points out, not only do consumers and service users rely on a company, but the success of that business is directly tied to the loyalty of its current clientele. In order to encourage recurrent business connections and boost long-term profitability, Wirtz (2001) argues that customer pleasure must be the primary priority of organisations. Panayides (2007) and Liu and Xie (2013) are among the writers who contend that being a customer-centric business is risky in today's cutthroat market. Providing high-quality services that would make clients delighted and loyal is essential for most organisations to remain in the market. Logistics service providers should also take the time to get to know their clients. This is because, armed with accurate customer data, businesses can better meet their clients' demands, create innovative products and services that stand out, and measure the exact value that their clients seek. The demands of the consumer are best met by a strategy that is customer-centric. According to Juga, Juntunen, and Grant (2010), customer-oriented businesses prioritise their customers' needs above all else, use market data and information to create new services and learn how customers rate those services, and are more customer-centric than their competitors. A customer-oriented corporate purpose, according to Jayawardhena (2010), lays a stronger foundation for value generation than a product-oriented goal. According to Jaiswal (2008), a customer's level of satisfaction is determined by how well the service satisfies their requirements and expectations. Keep in mind that your expectations may fluctuate from one customer to the next. This could be influenced by a variety of factors, including individual preferences as well as the setting, geography, and industry in which such expectations are established. Businesses may acquire an edge over their competitors if they can prove to be adaptable and flexible. When looking at logistics services, adaptability is key. Companies who are able to adapt their logistics strategies to meet their customers' evolving demands are more likely to succeed (Autry, Zacharia, & Lamb, 2008; Juga, Juntunen, & Grant, 2010). According to Yang et al. (2010), the LSQ is a collection of performance metrics that gauges how well a company can meet consumer demands via

product distribution. Past research by researchers like Panayides and So (2005), Mentzer et al. (1999, 2001), and Saura et al. (2008) has shown a correlation between CS and business success. Measuring nine concepts—personal contact quality, order release quantity, quality of information, ordering procedures, order accuracy, order condition, order quality, order discrepancy resolution, and punctuality—Mentzer et al. (1999, p. 84) created a scale to assess customers' perception of the logistics services offered, with the goal of improving logistics managers' understanding of the factors that impact CS. According to research on the link between logistical services and CS, CS is positively and significantly affected by the quality of the customer service representatives, the information provided, and the orders placed. Logistics service timeliness also has a favourable and substantial impact on customer satisfaction (Saura et al., 2008). Research by Bienstock and Royné (2010) examined the role of information technology (IT) tools in the feedback loop between CS and the quality of logistics services; the authors concluded that IT tools did not affect CS directly but did affect logistics service quality. Similarly, Rao et al. (2011) found that CS, LSQ, and the cost of logistics services were highly correlated. Costs associated with logistical services have a detrimental impact on CS when they were added on to product prices by the buyer. Customer evaluations of LSQ are based on the following factors, according to Tontini and Zanchett (2010): reliability of delivery deadline, agility of delivery, correct quantity and quality of goods delivered, absence of damage to goods, adaptability of service, problem resolution, traceability, communication, knowledge and trust of customer contact team, availability of products and services, post-delivery support, and price. Quality function 361: Logistic service quality development may help you choose the best strategic actions to suit your customers' expectations, according to Yang et al. (2016), who also said that logistics services are becoming an integral part of a company's core competence.

H1: Logistics service quality has a positive impact on brand image

H2: Logistics service quality has a positive impact on brand image

2.2 Brand Image

An organization's "corporate image" is the general perception that the general public has of the business. An idea that is necessary to a company's reputation, it serves as a window into the past and present of the business, informing certain demographics about how well its offerings stack up against the competition (Nguyen and Leblanc, 2001). According to Andreassen and Lindestad (1998), a company's sales, market share, and customer loyalty may all be enhanced via the cultivation of a positive corporate image through interactions with the brand and its products or services (Weiwei, 2007). Customers' perceptions of a company's quality can have an indirect effect on their loyalty (Andreassen and Lindestad, 1998; Kandampully and Suhartanto, 2000; Bloemer et al., 1998; Andreassen and Lindestad, 1998), a phenomenon also called the "halo effect" of biased evaluations (e.g., Wirtz, 2003). Zins (2001), Lai et al. (2009), and Fazlzadeh et al. (2011) all find conflicting evidence that customer service perceptions impact a company's image. According to Herbig and Milewicz (1993) and Nguyen and Leblanc (2001), a company's reputation can be seen as a measure of its credibility. If the company consistently delivers on its promises, it will have a positive reputation. On the other hand, if the company consistently fails to respect its stated intentions, it will have a negative reputation. According to previous research, people are more likely to have a favourable experience with a brand and spread the word about it when they have a positive impression of it (Chao, Wu & Yen, 2015; Anwar, Min & Dastagir, 2019). Similarly, businesses invest heavily in cultivating a positive public perception of their brand since research by Mohammed and Rashid (2018) shows that this positively affects consumer happiness and loyalty. In addition to being loyal clients, several studies have shown that consumers are less susceptible to the value propositions of rivals when they have a positive impression of the brand. In a similar vein, Lahap, Ramli, Said, Radzi, and Zain (2016) state that having a positive reputation for your business helps bring in new consumers and keeps the ones you already have. Companies may grow their market shares and stay at the top with the help of a solid foundation of happy consumers. Additionally, when a well-known brand expands into new product categories, happy consumers not only buy more of the brand but also encourage

their friends and colleagues to do the same (Neupane, 2015). It is well-documented that the saturated market is the main reason why the majority of freshly released items fail. Nevertheless, the likelihood of prolonged brand failures decreases when consumers have a positive impression of a product and are pleased with it (Hannes, 2019; Nazir, Ali & Jamil, 2016). A brand persona is like a human personality; it gives brands a distinct identity. Customers are more likely to buy from a brand and be satisfied with their purchase when their personality attributes align with those of the brand (Hamid, Ibrahim, Seesy & Hasaballah, 2015). Researchers have also shown that "that brand image has a direct and indirect effect on brand loyalty." Neupane (2015) and Veloso, Magueta, Ribeiro & Alves (2018) are only two of many studies that agree that "brand image promotes customer satisfaction and brand loyalty," which in return impact brand image. "Process of representation: particular practices of production, consumption, and distribution of the brand between organisational agents and ultimately consumers" is what branding is all about (V' asquez, Sergi, & Cordelier, 2013). Perceptions about a brand as represented by the brand associations maintained in memory is what Keller (1993) calls a "brand image," according to his often-cited definition. Strong brands are essential because they reflect customers' behaviours and show that businesses understand them (Hewer, Brownlie, and Kerrigan, 2013). Consequently, via the strategic management of identity, the brand becomes a means to garner recognition and prestige. A company's logo, name, goal and vision statements, organisational culture, product line, ads, and the physical look of the headquarters all contribute to the company's corporate image. As a further benefit, a distinct brand identity allows customers to easily identify it from other brands that provide comparable products or services. The findings of Lin, Lin, and Ryan (2014), who investigate the franchise marketplaces and indicate that brand knowledge greatly impacts purchasing intentions, provide credence to this viewpoint. This is why it's clear that a lot of companies are making an effort to build and protect their own brand. They're doing things like providing consistently high-quality service, establishing a corporate identity system, improving their organisational image, and keeping in touch with customers to make sure their brand

is valued (Wang, 2014). As a result of positive, powerful, and distinctive brand associations, customers form mental pictures of the brand (Mitra & Jenamani, 2020). To summarise, according to Chen and Chang (2008), brand equity refers to the monetary worth that a brand imparts to a product as a result of its reputation, perception, and ability to raise consumer awareness (Jara & Cliquet, 2012). Ekinici, Dawes, and Massey (2008) argue that, as antecedents of customer satisfaction, service quality and ideal self-congruence play a significant role in determining the intention to return. Because of this, Nam et al. (2011) quantify customer-based brand equity using physical quality, staff behaviour, ideal self-congruence, brand identification, and lifestyle-congruence. They also develop a notion of symbolic consumption within the services sector. Store service quality may have an impact on customers' attitudes towards brands, although customers' perceptions of the price of the brand can mitigate that influence, and overall service quality can prompt customers to have a more positive impression of the brands. According to Diallo and Seck (2018). However, according to Pearce and David (1987), mission statements may be categorised into eight parts depending on their substance, with an "explanation of the firm's desired public image" being the last sort of content. Effective businesses often act in accordance with their stated goals, values, and public perception (Bart, Bontis, & Taggar, 2001). Ethical self-identity variables impact customer attitudes and intentions, according to Singh (2016), who studied corporate social responsibility and brand consumption. The mission statement of an airline does seem to have an effect on the trust and equity that passengers have in the brand, according to Lin and Ryan (2016). Also, while working to remember and comprehend the mission statement better, practitioners should make sure that all important stakeholders are satisfied with how the mission was developed and put into effect. According to Lin et al. (2020), consumers have a more favourable impression of the company when they agree with the mission statement. Customers are more likely to buy from social enterprises whose goods and services they perceive as having a strong social purpose, according to research by Tsai et al. (2020). Brand image has been a captivating topic of debate in marketing literature, according to

certain experts (Lee & Lim, 2020; Sousa et al., 2019; Park & Park, 2019). Furthermore, as a potent marketing tool, brand image has been crucial in differentiating across businesses (Park & Park, 2019). Similarly, studies on brand perception have long been considered to form the backbone of the advertising and marketing discipline. In addition to serving as a foundation for solving issues with the tactical marketing mix, it has been crucial in establishing a lasting reputation for the brand (Aaker, 1996; Keller, 1993). Brand image was described by Keller (1993) as the consumer's impressions of the brand as shown by the connections the buyer has with the brand. Additionally, customers have been able to realise the brand's needs and distinguish the company from competitors thanks to the crisp brand image. Hsieh et al. (2004) found that this increased the brand's chance of sales. According to research (C. W. Park et al., 1986; Sondoh Jr et al., 2007), a firm or its goods or services that consistently maintain a positive image by the public would undoubtedly benefit from a more favourable market position, a sustained competitive advantage, and an increase in market share and performance. Certain prior studies acknowledged a connection between brand perception and consumer happiness (Anwar et al., 2019; Wu et al., 2011). According to previous research (Anwar et al., 2019; Wu et al., 2011), customer satisfaction is both predicted by and favourably affected by brand image. Several previous research have shown a connection between brand image and consumer loyalty (Anwar et al., 2019; Hsieh et al., 2018; Tu et al., 2012). In addition, the results of prior empirical investigations have shown that consumers are more likely to be loyal to a brand or retail establishment if they have a positive impression of it (Anwar et al., 2019; Hsieh et al., 2018; Tuetal.,2012).

H3: Brand Image has a positive impact on customer satisfaction.

2.3 Customer Satisfaction

Numerous marketing studies have attempted to define customer satisfaction, but different authors have arrived at different definitions based on their own study goals (Zaid, Palilati, Madjid, & Bua, 2021). A broad emotional reaction to consumer encounters is what the research suggests we mean

when we talk about customer satisfaction. One way to look at it is as an evaluation of how you felt about anything you bought, whether it was recently or long ago. Many different explanations of this idea have emerged throughout the years, but broadly speaking, they fall into two groups: The first school of thought sees contentment as an end product of activity, in this case the consuming experience (Oliver, 1997). According to Evrard (1993), the second group's conceptualisation incorporates customer pleasure into the process as a whole or as a component of it, and it fundamentally represents the process's comparison nature. According to Ndjambou (2018), there are four aspects to customer satisfaction: (1) mental state, (2) emotional reaction, (3) assessment, and (4) judgement on satisfaction based on a combination of mental assessment and emotional reaction. According to Chiguvi and Guruwo (2017), there is no way to build and maintain lasting connections with customers unless they are happy with what they get. Customer satisfaction surveys are a common tool for businesses to use when evaluating their service quality. A major issue, according to Anderson and Mittal (2000), is the execution of the loyalty-satisfaction connection. Consequently, there was no improvement in retention rates seen when overall satisfaction levels were altered. Satisfaction is not enough to create a loyal consumer base (Kandampully 1998). The importance of comparing the requested and perceived services by Ho et al. (2012) cannot be overstated when it comes to customer happiness. A client's positive emotional response to a product or service is another definition of customer satisfaction (Delafrroz et al., 2013; cited in Lykogiannis, 2014). In addition to a strong correlation between customer satisfaction and the likelihood of future purchases, Lykogiannis (2014) found that happy customers are more likely to enthusiastically recommend a business's products and services to others. Rest assured, this will undoubtedly inspire optimistic thinking. The correlation between the purchasing phenomena and post-purchase attitude changes and repeat purchases might be affected, according to Lau et al. (2013), by the degree to which customers are satisfied. Research conducted by Semuel and Wijaya (2009) at PT. Indonesian Railways revealed the impact of customer satisfaction on customer loyalty. According to Saura et al. (2008), Loyalty is

significantly impacted by the Satisfaction dimension, which has a positive outcome. Satisfaction positively affects consumer loyalty, according to SEM research by Huang et al. (2015). The first aspect of customer satisfaction (CS) is the degree to which consumers report feeling fulfilled after making a purchase and how well the product or service meets their expectations (Kotler and Keller, 2016). A key indication of client loyalty and business performance in the online world is happiness (Jacka and Keller, 2013). Customers who have a positive experience shopping online are more inclined to shop there again and even tell their friends about it (Pereira et al., 2017). Conversely, CL has been around for a long time and is used a lot in consumer behaviour research; its initial definition was that it's a behavioural expression that involves repurchasing goods or services from the same firm (Tellis, 1988). According to Fournier and Yao (1997), CL is not only a behavioural construct but also has an attitude component. According to Jacoby and Chestnut (1978), CL's behavioural component represents a kind of product or service repurchase behaviour. In this facet, there is an optimistic outlook on the unique worth of the service or product. The present research takes a behavioural approach to measuring customer loyalty by looking at how often a consumer makes repeat purchases and how positively they feel about the company that provided them with the goods or services (Nyadzayo and Khajehzadeh, 2016). Long-term positive associations with product or service features are more important for CL. As a result, repeat business is more probable from happy consumers (Minta, 2018). In a similar vein, Kotler and Armstrong (2006) state that if consumers are happy with their purchases, they are more likely to buy from the same company again and tell others about their experience. Consequently, in order to divide their marketing budgets between customer satisfaction programs and loyalty tactics, businesses need learn more about the connection between customer happiness and customer loyalty (Shankar et al., 2003). A number of research across various settings and nations have shown that CS significantly affects CL (Hu et al., 2009). Nobar and Rostamzadeh (2018) and Liat et al. (2017) both discovered that CS caused CL in Iran and Malaysia, respectively. Satisfaction is the emotional state a person has as a result of

comparing the product's performance to their expectations, whether it's delight or disappointment. There are two methods to look at customer satisfaction: transaction-specific and cumulative. Cumulative satisfaction is associated with an evaluation of the service provider as a whole, while transaction-specific satisfaction is associated with an evaluation of a particular service encounter. Parasuraman et al. claim that contentment is a product of transactions (Parasuraman et al., 1994). To achieve cumulative satisfaction, individual assessments are combined to provide a "pleasurable fulfilment" of requirements assessment (Oliver, 1997). After each transaction, the sum of all previous evaluations pertaining to that particular transaction is combined to determine overall satisfaction (Jones and Suh, 2000). Research on customer loyalty centres on the idea of cumulative satisfaction rather than pleasure as it pertains to individual transactions (Harris and Goode, 2004). According to Parasuraman et al., general happiness is more stable than happiness related to individual transactions (Parasuraman et al., 1994). The literature evaluation demonstrates that this research depends on overall satisfaction instead of pleasure associated with individual transactions. Many different ideas of contentment have been researched in an effort to better understand the many facets of pleasure. A kind of "post choice evaluative opinion" is what most people agree on when they say satisfaction (Westbrook and Oliver, 1991). According to Michael K. Brady et al. (2002), while researching how pleasure develops, a lot of researchers use the disconfirmation paradigm. "A positive disconfirmation" occurs when a customer's perception of performance exceeds their expectations. When performance falls short of expectations, it may lead to consumer dissatisfaction, which is known as negative disconfirmation (Spreng et al., 1996). The effect of customer satisfaction on loyalty has been studied by many academics, particularly in the field of marketing research (Bolton et al., 2000; Cronin et al., 2000; Grønholdt et al., 2000; De Wulf et al., 2001). An important concept in marketing and quality management literature is the idea that customer satisfaction is influenced by both the satisfaction with a single transaction and the satisfaction with many transactions [Fornell 1992, Rust&Oliver 1994]. For instance, according to this point of view, customer

satisfaction can be defined from various angles. These include customers' decisions regarding service quality, product quality, and price [Parasuraman et al. 1991, Zeithaml et al. 1996], customers' subjective perceptions based on their own experiences with the service [Churchill & Surprenant 1982, Rosen, Surprenant & Rosen 1998], customers' post-experience decisions with a product or service over time [Clemes, Gan & Ren 2011, Fournier & Mick 1999], and finally, the gap between customers' expectations and experience performance after using the particular services [Kotler & Clarke 1985, Ramayah, Osman & Rahbar 2010]. The discussion demonstrates that when a consumer believes that the services provided by a service provider can meet their wants, expectations, and objectives, then customer satisfaction is attained.

H4: Customer satisfaction has a positive impact on customer loyalty.

2.4 Customer Loyalty

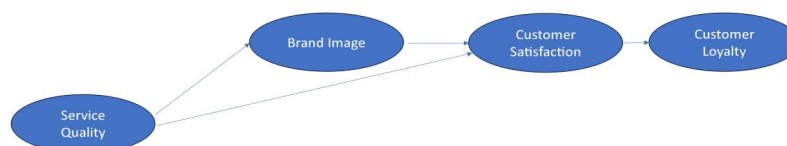
Customer loyalty is still subject to debate, much like customer satisfaction. This idea has a range of accepted definitions. In 1977, Chestnut and Jacoby created the first synthetic method for calculating loyalty. Loyalty, according to these writers, is the customer's reactive behaviour when faced with several options at once. In the same sense, Trinqucoste (1996) saw customer loyalty as an attitude represented by repeat purchases. The research of Olsen, Tudoran, Brunsø, and Verbeke (2013) reveals that three competing theories of loyalty exist. You have one that is based just on behaviour. The second one is attitude-based. The more reasonable of the two is based on attitudes and actions. customer loyalty may be described as a connection, either conscious or unconscious, that a customer has to a product, brand, business, or distribution method, according to Lehu (2004), Bouza[^]abia and Boumaiza (2013), and Ndjambou (2018). According to Leclercq-Machado et al. (2022), customer loyalty occurs when a customer continues to buy a product or service even when presented with marketing opportunities from competitors. A number of marketing scholars have also confirmed that customer happiness directly correlates to brand loyalty. Consumers' crucial satisfaction levels or demographic variables (such as age, gender, and income) might influence this correlation. Many have long held the view that

these two ideas are directly and methodically related; for example, Gremler, Brown, Bitner, and Parasuraman (2001). The growth of client loyalty requires satisfaction, but it is not enough (Bouza[^]abia & Boumaiza, 2013). Customers are loyal when they are willing to buy from a company again and again because they have a positive impression of the product or service and the people who work for the company [Deng et al. 2010, Wong & Sohal 2003, Gede Mahatma Refer to Yuda Bakti & Sumaedi (2013), Prakash (2011), and Yeo et al. (2015). Customer desire to utilize service again might be influenced by service quality. Customers will be more loyal to the company as a result of this. There is substantial evidence that customers are more loyal to businesses that provide high-quality service [Zeithaml, Berry & Pasuraman 1996; Kuo, Wu & Deng 2009; Saura et al. 2008]. Customers are more likely to make repeat purchases when they are satisfied with the service they received. The results reveal how customers act in relation to the service provider. Customers will remain loyal to a business if the service they get meets or exceeds their expectations. As a result of this plan, consumers will have a more positive impression of the service compared to competing businesses [Kaura, Prasad & Sharma 2015]. There is a positive correlation between service quality and client satisfaction, and further research confirms that this correlates to customer loyalty. The impact of customer satisfaction on relationships is frequently assessed through the use of an indirect effects model. This model is based on a variety of samples, including the opinions of 542 department store shoppers in a retail setting [Sivadas & Baker-Prewitt 2000], 500 respondents at the Chinese Petroleum Corporation [Bei & Chiao 2006], 505 Turkish supermarket customers [Kitapci et al. 2013], and 300 Islamic banking customers in Kuching, Malaysia [Muahmmad et al. 2015]. The results of these polls demonstrated that customers were very satisfied with the service they received because the providers were able to effectively incorporate tangible, responsiveness, dependability, assurance, and empathy into their daily job. According to many studies (Bei & Chiao, 2006; Muahmmad et al., 2015; Kitapci et al., 2013; Sivadas & Baker-Prewitt, 2000), this might result in increased consumer loyalty. Gaining an edge over other enterprises in a highly competitive and dynamic economy is often

attributed to customer loyalty. Attitude and conduct are the cornerstones of this multi-faceted concept. Customer loyalty was described by Oliver (1999) as the commitment of buyers to consistently purchase certain goods, services, and brands of an organization, even in the face of new advances and products offered by competitors. Loyal consumers are not persuaded to switch. According to Dimitriadis (2006), loyal consumers have a favourable impression of the organization, are willing to recommend it to others, and are likely to make repeat purchases. Loyalty to a service provider is shown by recurring business and word-of-mouth referrals, according to Lam et al. (2004). In addition, repeat business is seen as a sign that customers want to maintain a long-term connection with the company (Dick and Basu, 1994; Fornell, 1992). According to Fornell (1992), customers form an attitude based on their experiences after they pay for a product or service. This attitude is influenced by their experiences. In a similar vein, Ningsih and Segoro (2014) characterized customer satisfaction as an attitude, evaluation, and emotional reaction shown by the buyer after the transaction. A sign of contentment with a service or product. According to Yap, Ramayah, and Shahidan (2012), customer satisfaction is defined as the general impression that a service provider leaves with their clients. A common belief is that happy customers are more likely to remain loyal customers. As a direct result of happy customers, businesses may gauge client loyalty (Heskett, Sasser, and Schlesinger, 1997). Also, as one of the most important elements, customer satisfaction may increase loyalty, as noted by Consuegra et al. (2007) and Wong and Zhou (2006). More customer expectations met

throughout a service leads to a better repurchase chance for a corporation, according to Wong and Sohal (2003). Customer satisfaction increases the likelihood of repeat business and favourable word-of-mouth advertising, according to the majority of research (Blodgett & Anderson, 2000; Maxham and Netemeyer, 2002). Research has shown a positive correlation between customer satisfaction and loyalty. However, some studies have found the opposite to be true (Oliver, 1999; Seiders et al., 2005; Jones and Sasser 1995; Reichheld, 1996). The majority of studies (Anderson 1996; Anderson et al. 1994; Fornell 1992; Fornell et al., 1996; Ping, 1993; Rust and Zahorik, 1993; Rust, Zahorik and Keiningham 1995; Taylor and Baker 1994) have shown a positive correlation between customer satisfaction and customer loyalty. Several studies have shown a correlation between happy customers and repeat business (Saura et al., 2008; Juga et al., 2010; Bouzaabia et al., 2013; Huang et al., 2014). According to Tank et al. (2003), clients who were happy with a service are more likely to use that supplier again, assuming they would get the same high-quality service. Customer loyalty and increased revenues in the future are direct results of positive comments on the quality of logistics services provided by LSPs (Grant et al., 2014). The connection between the LSQ, customer happiness, and loyalty was shown by Huang et al. (2014). Using data sets from two nations, such as Tunisia and Romania, Bouzaabia et al. (2013) investigated LSQ in two forms: relational LSQ and Operation LSQ. Several scholars have already shown this connection in the literature (Juga et al., 2010; Izogo and Ogbu, 2015).

2.5 Research Model



Research Methodology

3.1 Research approach:

Based on the already available research on logistics service quality and customer loyalty, the best way to analyse whether a connection exist is a quantitative study. Any potential association between the variables will be organized and interpreted using statistical results. (SOBOTKA, 2019). To solve the research questions, this study used a quantitative case study method. The quantitative technique was used to collect data from the target population via surveys to determine the impact of lean logistics service quality on customer loyalty. According to Peter and Olson (1983), the hypothesis is developed before testing and generating the results in deductive research. The deductive research begins with a solid theoretical foundation and the presentation of indicators (Danermark, 2001). In explanatory design, researchers first collect quantitative data and analyse it, then create qualitative data based on the quantitative data, which then provides quantitative results with a better understanding. The process of constructing involves using numerical data or exploring questions that are further required in qualitative data (Creswell et al, 2003). To establish relationships and findings, the explanatory design is used. The approach we are taking in this study is deductive, where an already developed theory is used for further research, and explanatory, where a lot of information is already known, and then further explanation is provided in the study.

3.2 Research design:

Research design provides the framework of research methodology. The problem statement of our research will determine the type of design for our research. The research design is a component of research methods and approaches selected by a researcher. An effective research design makes sure that there must be minimum bias in data and maximize the accuracy of the collected data. The error margin is very low, and the researcher gets the desired outcomes. Correlational research design is used to establish relationships between two or more variables. This design aims to check whether there is a positive relation or negative relation among the variables. The design of this study is correlational, the non-experimental design where we are interpreting the impact of logistics service quality in logistics industry on enhancing customer loyalty.

3.3 Sample design:

The estimated potential of the logistics sector in Pakistan is USD 30.7 billion (World Bank, 2015). This statement shows the potential for logistics industry of Pakistan which is driven by customer loyalty. It was difficult to cover all logistic service providers. Therefore, all the companies providing logistics services to either civilians or corporates were included in this research. The target population for this survey and research were end user of logistics services who have been using logistics services for long enough to be able to rate it because they know more about the concept of logistics service quality and its affect on customer loyalty. A sample of 105 responses was collected from the target population. The sampling technique used was non-probability-convenience and purposive in particular because of the cost, degree of use, benefits, and time restrictions and also because a specific kind of characteristics of the sample were responding to the survey i.e., logistics service users. Social media websites such as Facebook, WhatsApp were used to reach out to the end users in the logistics industry of Pakistan through convenience sampling.

3.4 Instrument of data collection:

The impact of logistics service quality, brand image and customer satisfaction on customer loyalty was assessed by selecting a questionnaire as the primary method of data gathering. The questionnaire was developed on google forms. The demographic part of the questionnaire asks respondents for their name, gender, qualification age and years of service used. The questionnaire had more than 25 questions and was broken down into five sections (respondent profile, Logistics service quality, Brand Image, Customer satisfaction and customer loyalty). The respondents were given a 5-point Likert scale to answer the questions (1 = strongly disagree; 5 = strongly agree)

3.5 Procedure of data collection:

A questionnaire was adopted as an instrument of data collection. The data was collected specifically from the user of logistics services because our research is basically about the impact of logistics service quality on customer loyalty in the logistics industry of Pakistan. At first, we identified and approached the target people in our family, friends, and social circles to fill out the

questionnaire and then used their contacts and references to reach out to the others to get the desired number of responses. The questionnaire is designed in such a way that every factor impacting the customer loyalty in logistics industry is covered. Our primary source of data is the valuable responses on our questionnaire whereas.

3.6 Statistical techniques:

To analyse, interpret, and present the findings, the data was examined using the following statistical techniques. Descriptive analysis is conducted to answer a phenomenon by questioning what, when, how, who and where. It is used in this research to describe samples to identify causal effects (GILLETTE, 1984). Structure Equation Modelling (SEM) is a statistical technique through which the relationship between independent and dependent variables is analysed. The respective methodology was used due to the convenience of distributional assumption, capability to take up small sample and to systematically measure the questions (Haier et al, 2014 and Oyewobi et al., 2017). The data gathered was analysed via SmartPLS; its path model, according to Ma (2014), comprises two models of linear equations namely an outer model and an inner one. As per the Figure 1 in the literature review, the model was developed wherein the rectangular boxes refer to the relevant indicators and the straight arrows indicate the relation between them. Jointly analysing for any

error in measurements, linear causal relationships among all variables of the research model are examined through SEM (Hancock et al., 2019). Reliability analysis helps you to understand the characteristics of measured variables and the elements that make up the scales. A range of widely used scale reliability variables are calculated by the reliability analysis process and information is also provided on the relationships between individual items on the scale. Validity analysis ensures that the methodology used to calculate the result was effective or not. If the research done is very valid it tells that the results obtained link with the properties, characteristics, and variables included in the research paper. It is harder to evaluate the validity of a research paper but is also very important. The methodology used in the research paper must be valid to achieve an accurate result.

3.7 Ethical considerations:

The following ethical issues were put into consideration while performing this research: Confidentiality of respondents' profiles was considered. Respondents were free to decide to participate in the research and no pressure was built. No private questions were asked in this research. No information connected to the respondent is written in the paper. The questionnaire is designed in a way that it collects data through very generalized questions.

2. ANALYSIS

4.1 Measures Utilized

Table 1

| Codes | Variables | Items | Source |
|-------|---------------------------|-------|---|
| LSQ | Logistics Service Quality | 3 | Dabholkar et al., 2000; Wallenburg, 2004 |
| BI | Brand Image | 3 | Juntunen, J., Juga, J., & Juntunen, M. (2013). |
| CS | Customer Satisfaction | 3 | (Le et al., 2020); Huma, S., Ahmed, W., Ikram, M., & Khawaja, M. I. (2020) |
| CL | Customer Loyalty | 3 | Homburg et al., 2003; Wallenburg, 2004) ; Huma, S., Ahmed, W., Ikram, M., & Khawaja, M. I. (2020) |

4.2 Demographics

The respondent for this survey includes 106 people associated with the logistics industry. The sampling population was derived using a non-probability sampling procedure. The respondents of the survey were 73.6% male and 26.4% female. Out of them, 39.6% belonged to the age group of 20-29 years, 43.4% belonged to 30-39 years,

11.3% of the respondents belonged to 40-49 years and lastly 5.7% were more than 50 years old. Most of the participants (57.5%) were graduates, 7.5% were undergraduate and 34.9% were masters. Lastly, majority of respondents (33.1%), 27.4% of the users were using it for 3-4 years and 28.3% of the users were using the service for more than 4 years.

Table 2

| Items | Classification | Sample Amount | Percentage |
|-------------------|-------------------|---------------|------------|
| Gender | Male | 78 | 73.6 |
| | Female | 28 | 26.4 |
| Age | 20 - 29 | 42 | 39.6 |
| | 30 - 39 | 46 | 43.4 |
| | 40 - 49 | 12 | 11.3 |
| | Above 50 years | 6 | 5.7 |
| | Undergraduate | 8 | 7.5 |
| Education | Graduate | 61 | 57.5 |
| | Masters | 37 | 34.9 |
| Duration of usage | Less than 1 year | 14 | 13.2 |
| | 1 - 2 years | 33 | 33.1 |
| | 3 - 4 years | 29 | 27.4 |
| | More than 4 years | 30 | 28.3 |

4.3 Validation of the model

First, the model is examined in the PLS-SEM in order to determine how hypothetically accurate the items (questions) load on the construct. It consists of examining how well each variable is linked with the main concept it demonstrates. This relation showcases how the variable predicts the theory they are connected to. (Hair JF, Ringle CM, Sarstedt M 201). The analysis consists of looking into the reliability of each question, reliability of each variable, internal consistency (composite reliability and Cronbach alpha). Next the validity of the construct (loading) and the convergent validity is examined which consists of AVE. Lastly, we check the discriminant validity with either Fornell-Larcker criteria or the HTMT (Hair J, Hult GTM, Ringle C, Sarstedt M 2014).

A confirmatory factor analysis was carried out to examine the outcomes in our measurement model. As a general rule, if the values are > 0.7 , then the

survey is developed accurately. Since most of the values of outer loadings shown in Table 3 are > 0.7 , we can deduce that the participants have given their consensus (Cannon, 2001). The measurement of the outer loadings in our study ranged from 0.715 to 0.889 which shows the relation amidst constructs and the variables.

Further we carried out the reliability and validity test to analyse if our survey is reliable and valid to provide as the basis of our study. Cronbach's alpha, RHO C (composite reliability) and AVE are the tools used in the Table 3 below. The cut threshold for the first two indicators is above 0.7, demonstrating that all our variables are ideal. Moreover, the cut threshold for AVE is more than 0.5 and all since all our variables have values > 0.5 , we gathered overall valid responses. This also means that there lies perfect consistency between the constructs of our model and it is valid (Gefen, 2005).

| Construct | Questions | Outer loadings | Cronbach Alpha | Rho C | AVE |
|-----------|---|----------------|----------------|-------|-------|
| LSQ | LSQ1: This logistics service provider provides outstanding services in general | 0.782 | 0.715 | 0.840 | 0.638 |
| | LSQ 2: This logistics service provider provides excellent service performance | 0.851 | | | |
| | LSQ 3: This logistics service provider provides extremely good service quality | 0.760 | | | |
| BI | BI 1: In comparison to other logistics service providers, our logistics service provider is known to consistently deliver very high quality | 0.700 | 0.555 | 0.770 | 0.529 |
| | BI 2: Our main logistics service provider is a highly respected company | 0.757 | | | |
| | BI 3: Compared to other logistics service providers, our logistics provider is highly respected | 0.764 | | | |
| CS | CS 2: It was a good decision for us to do business with this logistics service provider | 0.780 | 0.642 | 0.806 | 0.580 |
| | CS 3: We are satisfied with the process and methods that this logistics company organized and managed the cargo | 0.767 | | | |
| | CS 6: We are satisfied with the performance of this express and logistics company | 0.738 | | | |
| CL | CL 1: In the future, we will continue to use this logistics service provider | 0.843 | 0.678 | 0.824 | 0.610 |
| | CL 2: The logistics service provider will account for a larger portion of our logistics business in the future | 0.738 | | | |
| | CL 4: I/we frequently refer this logistics service provider to people outside of our firm | 0.768 | | | |

Table 3

4.4 Discriminant Validity

To analyse the discriminant validity, Fornell and Larcker (1981) was used; this was done by making a comparison of square root of each AVE in the diagonal to the correlation coefficients (off diagonal) for each construct in the relevant rows

and columns. The Table 4 below demonstrates that discriminant validity at every level had been developed amidst the reflective constructs. It vividly showcased that a strong correlation amongst the constructs can be detected via Fornell Larcker criteria.

Table 4

| | BI | CL | CS | LSQ |
|-----|-------|-------|-------|-------|
| BI | 0.727 | | | |
| CL | 0.621 | 0.781 | | |
| CS | 0.721 | 0.530 | 0.762 | |
| LSQ | 0.587 | 0.482 | 0.552 | 0.799 |

4.5 Hypothesis testing

To check the impact of our variables we have to check the P-values column. A value more than 0.05 is considered to have partial impact while a relation having P-value less than 0.05 is considered to have a significant impact. The theoretical model is justifiable by the related test results as shown in table 5 below. Precisely, logistics service quality shows the influence it exerts on other variables such as brand image and customer satisfaction.

As proposed in the literature above, hypothesis (H1), which proposes that BI has a positive impact on CS, is supported as the p-value (0.000) falls within the acceptable range. This result indicates that a good brand image improves customer satisfaction through positive perception.

The hypothesis (H2), proposes that CS has a positive impact on CL, is supported as the p-value (0.000) falls within the acceptable range. This result indicates that a customer satisfaction positively influences the loyalty of a customer towards a service.

Similarly, hypothesis (H3) proposes that LSQ has a positive impact on BI is also supported as the P-value (0.000) falls within the acceptable range indicating that a good logistics service quality does help in shaping a brand's image in the mind of a consumer.

The hypothesis (H4), which proposes that that LSQ has a positive impact on BI is also not completely supported as the P-value (0.077) shows that LSQ has a partial impact on CS indicating that LSQ can improve CS partially or it requires further refinement.

Table 5

| | Sample mean (M) | Standard deviation (STDEV) | T-Statistics | P-Value |
|----------|-----------------|----------------------------|--------------|---------|
| BI → CS | 0.596 | 0.108 | 5.625 | 0.000 |
| CS → CL | 0.530 | 0.101 | 5.272 | 0.000 |
| LSQ → BI | 0.587 | 0.085 | 6.871 | 0.000 |
| LSQ → CS | 0.198 | 0.111 | 1.767 | 0.077 |

3. CONCLUSION

The theme of this research is to analyse the impact of logistics service quality and brand image on customer satisfaction to develop customer loyalty. The key focus of this research is to analyse the importance of logistics service quality and brand image in the development of customer satisfaction and customer loyalty. According to the research findings, service quality has a significant impact on customer loyalty in the logistics industry. The main findings of the study are as follows:

- The constructed model is sufficient to support the proposed relationship
- Service quality has a significant impact on customer satisfaction
- Brand image has a significant impact on customer satisfaction
- Ultimately, customer satisfaction leads to customer loyalty
- Finally, in order to gain customer loyalty, logistics companies should focus on improving the quality of logistics services and brand image.

Implications:

The managerial implications of the subjected research are derived from observation of the results. Logistics service quality is to be considered as a major tool by the management to affect customer intention for future use. The analysis of this research allows the management to identify the key aspects that will enhance customer satisfaction and ultimately achieve customer loyalty. The key aspect of ensuring customer satisfaction is logistics service quality which not only affect brand image but also results in satisfied or dissatisfied customer. In order to achieve sustainable customer loyalty, a logistics firm should majorly focus on improving all the aspects of service quality. Customer surveys can also be conducted to identify the reasons of dissatisfaction and weaknesses of the service to improve brand image which leads to a satisfied customer and ultimately leads to customer loyalty.

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APPENDIX

| # | STATEMENTS | RATING | | | | |
|---|--|--------|---|---|---|---|
| Service Quality – Taken as IV (Dabholkar et al., 2000; Wallenburg, 2004) | | | | | | |
| 1. | This logistics service provider provides outstanding services in general. | 1 | 2 | 3 | 4 | 5 |
| 2. | This logistics service provider provides excellent service performance. | 1 | 2 | 3 | 4 | 5 |
| 3. | This logistics service provider provides extremely good service quality. | 1 | 2 | 3 | 4 | 5 |
| Brand Image Juntunen, J., Juga, J., & Juntunen, M. (2013). | | | | | | |
| 1. | In comparison to other logistics service providers, our logistics service provider is known to consistently deliver very high quality. | 1 | 2 | 3 | 4 | 5 |
| 2. | Our main logistics service provider is a highly respected company | 1 | 2 | 3 | 4 | 5 |
| 3. | Compared to other logistics service providers, our logistics provider is highly respected | 1 | 2 | 3 | 4 | 5 |
| Customer Satisfaction (Le et al., 2020); Huma, S., Ahmed, W., Ikram, M., & Khawaja, M. I. (2020) | | | | | | |
| 1. | It was a good decision for us to do business with this logistics service provider | 1 | 2 | 3 | 4 | 5 |
| 2. | We are satisfied with the process and methods that this logistics company organized and managed the cargo | 1 | 2 | 3 | 4 | 5 |
| 3. | We are satisfied with the performance of this express and logistics company | 1 | 2 | 3 | 4 | 5 |
| Customer Loyalty – Taken as DV Homburg et al., 2003; Wallenburg, 2004) ; Huma, S., Ahmed, W., Ikram, M., & Khawaja, M. I. (2020) | | | | | | |
| 1. | In the future, we will continue to use this logistics service provider. | 1 | 2 | 3 | 4 | 5 |
| 2. | The logistics service provider will account for a larger portion of our logistics business in the future | 1 | 2 | 3 | 4 | 5 |
| 3. | I/we frequently refer this logistics service provider to people outside of our firm | 1 | 2 | 3 | 4 | 5 |