Faculty of Economics and Business

Beyond the Lens of Courier Service industry: Understanding Customer Satisfaction and Loyalty among Young Consumers in Malaysia

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Beyond the Lens of Courier Service industry: Understanding Customer Satisfaction and Loyalty among Young Consumers in Malaysia.

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DECLARATION

I declare that the work in this dissertation was carried out in accordance with the regulations of Universiti Malaysia Sarawak. Except where due acknowledgements have been made, the work is that of the author alone. The dissertation has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

……

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ABSTRACT

This study delves into the courier service industry, concentrating on the satisfaction and loyalty of young consumers aged 18 to 35 years old in Malaysia. The primary aim was to examine the impact of Service Quality (SERVQUAL) dimensions on young consumers' satisfaction. The SERVQUAL model, which includes aspects such as reliability, assurance and empathy, was found to significantly influence customer satisfaction. The study employed a quantitative approach, surveying 169 participants and analysing the data using Smart PLS 4.0 software, ensuring robust and reliable findings. Another key objective was to explore the relationship between customer satisfaction and loyalty among young consumers. Results indicated a strong, positive correlation, suggesting that satisfied customers are more likely to remain loyal to a specific courier service. Additionally, the study investigated the moderating effect of perceived value on the satisfaction-loyalty relationship. However, this effect was found to be insignificant, implying that perceived value while important, does not significantly modify the satisfaction-loyalty dynamic in this context. This study offers valuable insights into the dynamics of customer satisfaction and loyalty in Malaysia's courier service industry, highlighting the crucial role of service quality and perceived value in fostering customer loyalty. These findings provide actionable implications for industry practitioners and policymakers, supporting the growth and success of the courier service market in Malaysia. Ultimately, the study aims to enhance understanding, facilitate data-driven decisions, and promote long-term customer loyalty in the industry

Keywords: Courier Service Industry, Young Consumers, Customer Satisfaction, Customer Loyalty, SERVQUAL.

Melebihi pandangan industri Perkhidmatan Kurier: Memahami Kepuasan Pelanggan dan Kesetiaan di kalangan Pengguna Muda di Malaysia.

ABSTRAK

Kajian ini menyelidiki industri perkhidmatan kurier, dengan menumpukan perhatian pada kepuasan dan kesetiaan pengguna muda berumur 18 hingga 35 tahun di Malaysia. Tujuan utama kajian ini adalah untuk menilai kesan dimensi Kualiti Perkhidmatan (SERVQUAL) terhadap kepuasan pengguna muda. Model SERVQUAL, yang merangkumi aspek seperti kebolehpercayaan, jaminan, dan empati, didapati mempunyai pengaruh yang signifikan terhadap kepuasan pelanggan. Kajian ini menggunakan pendekatan kuantitatif, dengan meninjau 169 peserta dan menganalisis data menggunakan perisian Smart PLS 4.0, memastikan penemuan yang kukuh dan boleh dipercayai. Objektif utama lain adalah untuk meneroka hubungan antara kepuasan pelanggan dan kesetiaan di kalangan pengguna muda. Hasil kajian menunjukkan terdapat korelasi positif yang kuat, menunjukkan bahawa pelanggan yang berpuas hati lebih cenderung untuk tetap setia kepada perkhidmatan kurier tertentu. Selain itu, kajian ini menyiasat kesan moderasi nilai yang dirasakan terhadap hubungan kepuasan-kesetiaan. Walau bagaimanapun, kesan ini didapati tidak signifikan, menunjukkan bahawa nilai yang dirasakan, walaupun penting, tidak secara signifikan mengubah dinamik kepuasan-kesetiaan dalam konteks ini. Penyelidikan ini menawarkan pandangan berharga mengenai dinamik kepuasan dan kesetiaan pelanggan dalam industri perkhidmatan kurier di Malaysia, menekankan peranan penting kualiti perkhidmatan dan nilai yang dirasakan dalam memupuk kesetiaan pelanggan. Penemuan ini memberikan implikasi yang boleh dilaksanakan untuk pengamal industri dan pembuat dasar, menyokong pertumbuhan dan kejayaan pasaran perkhidmatan kurier di Malaysia. Akhirnya, kajian ini

bertujuan untuk meningkatkan pemahaman, memudahkan keputusan berdasarkan data, dan mempromosikan kesetiaan pelanggan jangka panjang dalam industri ini.

Kata kunci: ***Perkhidmatan Kurier Industri, Pengguna Muda, Kepuasan Pelanggan, Kesetiaan Pelanggan, SERVQUAL***

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LIST OF ABBREVIATIONS

ASEAN	Association of Southeast Asian Nations
AVE	Average Variance Extracted
BFSI	Banking, Financial, Services and Insurance
B2B	Business to Business
B2C	Business to Consumers
B2G	Business to Government
CAGR	Compound Annual Growth Rate
CEP	Courier, Express and Parcel Services
CouQual	Courier Service Quality
COVID-19	Coronavirus Disease
C2C	Customer to Customer
DINESERV	Service Quality for Restaurant Services
DHL	Dalsey Hillblom Lynn Express
DOSM	Department of Statistics Malaysia
D2C	Direct to Consumer
E-commerce	Electronic Commerce
eWOM	Electronic Word-of-Mouth
FedEx	Federal Express
fWOM	Face-to-Face Communication
GDEX	GD Express Sdn Bhd
GDP	Gross Domestic Product
GWI	GlobalWebIndex
GPS	Global Positioning System
HOLSAT	Holiday Satisfaction

HTMT	Heterotrait-Monotrait
IBM SPSS	Statistical Product and Service Solutions
MAC	Malaysian Aviation Commission
MAVCOM	Malaysian Aviation Commission
MCMC	Malaysian Communications and Multimedia Commission
MCO	Movement Control Order
MDA	Malaysian Digital Association
MDEC	Malaysia Digital Economy Corporation
MIDA	Malaysia Investment Development Authority
MSME	Micro, Small and Medium Sized Enterprises
MyDIGITAL	Malaysia Digital Economy Blueprint
MYR	Malaysia Ringgit
NESR	National E-commerce Strategic Roadmap
NFI	Normed Fit Index
NLTF	National Logistics Trade Facilitation
NTP	National Transport Policy
PAKEJ	Pelan Accelerator Kurier Negara / National Courier Accelator Plan
PLS- SEM	Partial Least Squares-Structural Equation Modelling
RM	Ringgit Malaysia
SERVQUAL	Service Quality
Smart PLS	Software with Graphical User Interface for Variance-Based Structural Equation Modelling
SME	Small and Medium Enterprises
UAE	United Arab Emirates
UNIMAS	Universiti Malaysia Sarawak

UK	United Kingdom
USD	United States Dollar
US	United States
TEU	Twenty-foot Equivalent Unit
TSL	Transport, Spedition and Logistics
WOM	Word-of-Mouth
3PL	Third Party Logistics Services

CHAPTER 1

INTRODUCTION

1.1 Introduction

The global logistics industry is increasingly advanced and complex due to diverse sector demands, driven by international trade expansion and globalization. Companies seek comprehensive logistics solutions and effective end-to-end services. The US-China trade war and the global pandemic have also forced businesses to restructure operations and relocate warehouses. Malaysia, centrally located in ASEAN, sees this as an opportunity to promote itself as a regional logistics hub (MIDA, 2021).

In 2020, the Asia-Pacific logistics sector became the world's largest, valued at approximately $3.9 trillion (Zakiuddin, 2021). Logistics services facilitate business exchanges through transportation, storage, and distribution across B2B, B2C, and C2C networks. The logistics sector, valued at around €8.4 trillion in 2021, is expected to reach €13.7 trillion by 2027 (Businesswire.com, 2022). Global logistics expenses rose to $9 trillion in 2020, with the global GDP at $85.24 trillion, making up 10.7% of the total (Placek, 2023).

In Malaysia, the logistics sector contributed 3.8% to GDP in 2019. Trade activities grew with a CAGR of 6.5% from 2013 to 2018, and transportation-related activities saw a 3% CAGR in the same period. Government initiatives like the National Logistics Trade Facilitation (NLTF) 2015–2020 and National Transport Policy (NTP) 2019–2030 aim to increase the logistics sector's GDP contribution to 8.9% post-2020 and internationalize the industry within regional trade integration.

1.1.1 Courier, Express and Parcel Services (CEP)

The "Courier, Express, and Parcel Services" (CEP) refers to postal and logistics companies specializing in transporting lightweight and small-volume goods. In Malaysia, the CEP market includes B2B, B2C, and end-user segments such as BFSI, retail and wholesale (including E-commerce), healthcare, manufacturing, and others (Mordor Intelligence, 2023).

Courier services, a subset of the Transport, Spedition, and Logistics (TSL) sector, are crucial in logistics supply chains for trading, manufacturing, and service businesses (Jarocka and Wang, 2018). The global CEP market has been growing rapidly, valued at $306 billion in 2018, and is expected to reach $400 billion by 2024, with an annual growth rate of 8-10% (Statista, 2019).

In Malaysia, the CEP market is predicted to grow at a CAGR of over 9% during the forecast period, driven by substantial e-commerce and pharmaceutical sales growth despite the global pandemic and administrative changes in 2020. The primary challenge for CEP companies is to handle orders reliably and efficiently, ensuring customer satisfaction through timely deliveries (Mordor Intelligence, 2023).

In 2021, Malaysia ranked 35th in global e-commerce markets, generating approximately $6.3 billion in revenue. The Malaysian e-commerce sector grew by 30% in 2021, contributing to the 15% global market expansion. Malaysia is projected to maintain an annual growth rate of 15% between 2021 and 2025, exceeding the global average growth rate of 6% (Mordor Intelligence, 2023).

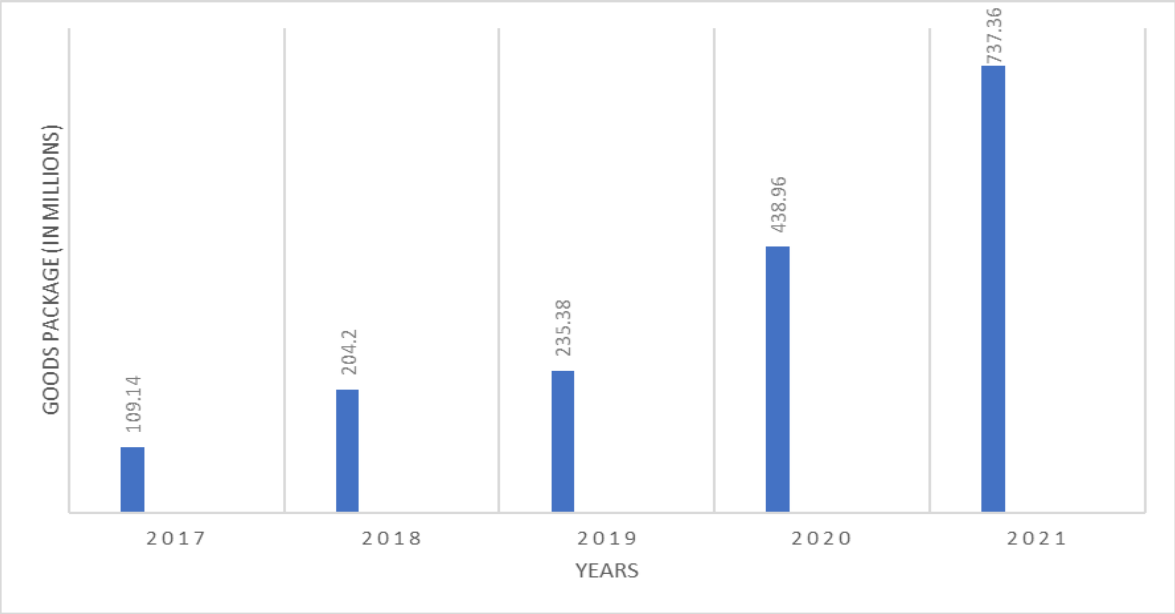

Figure 1.1: Amount of local courier items carried by Malaysian courier service providers between the years of 2017 and 2021, expressed in millions

Source: Statista (2021)

Figure 1.1 shows the amount of local courier items in millions, that were delivered by Malaysia courier service providers from the year 2017 to 2021. It shows a significant increase from 109.14 million packages delivery in the year 2017 to 737.36 million packages delivery in the year 2021 with a growth of nearly 70%.

Malaysian businesses achieved RM279.0 billion in e-commerce revenue during the third quarter of 2021, reflecting a 17.1% surge compared to the corresponding period in the previous year. The growth trend continued steadily on a quarterly basis, registering a 4.3% increase. From January to September 2021, cumulative e-commerce sales amounted to RM801.2 billion, marking a substantial 23.1% rise compared to the same period in the previous year (DOSM, 2022).

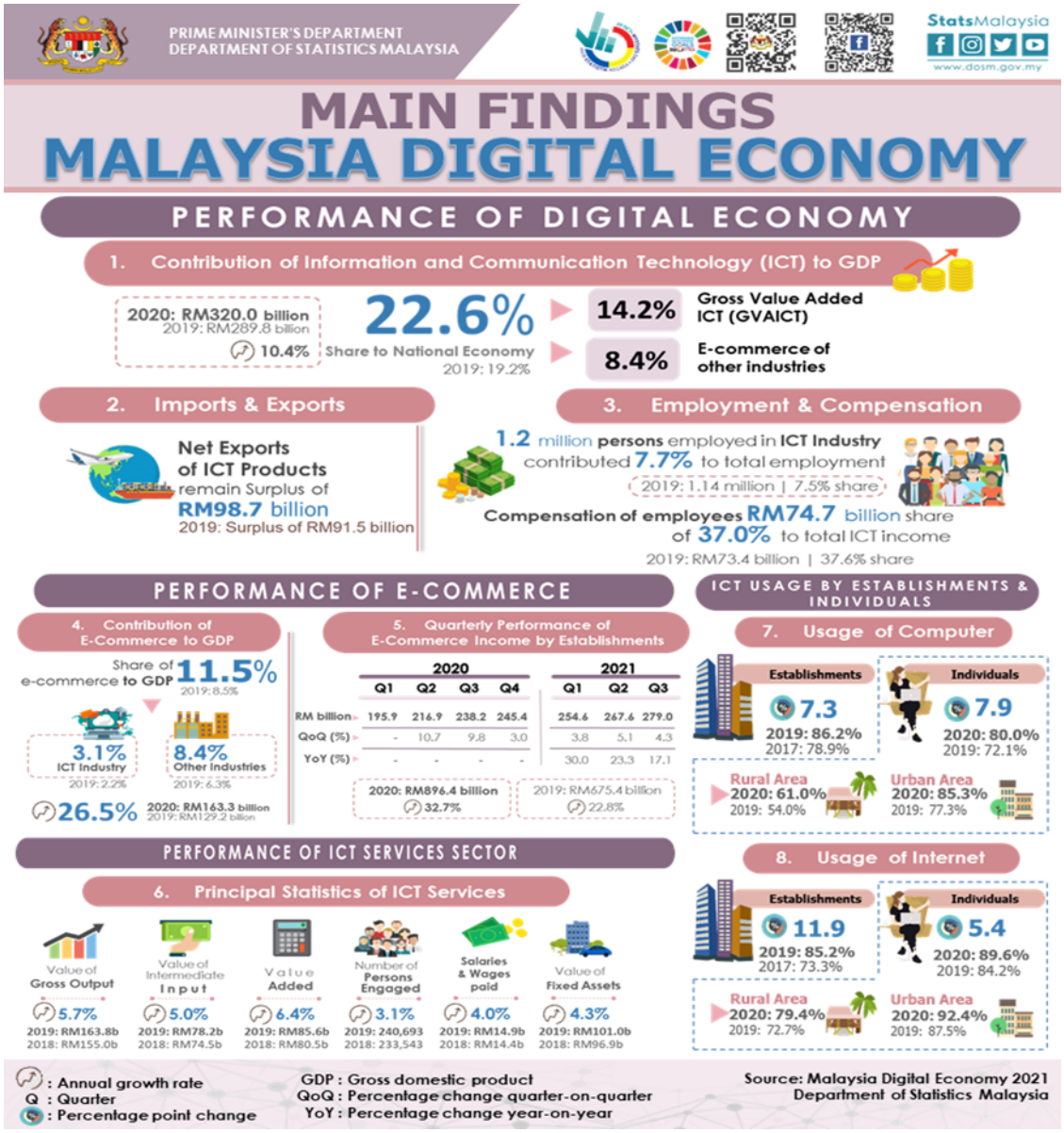

Figure 1.2: Main findings Malaysia Digital Economy

Source: Malaysia Digital Economy 2021, Department of Statistics Malaysia (DOSM).

In Malaysia, e-commerce's contribution to GDP rose from 8.5% in 2019 to 11.5% in 2021. In 2020, the sector contributed RM163.3 billion to GDP, up from RM129.2 billion in 2019, marking a 26.5% increase (Malaysia Digital Economy 2021, DOSM). In 2022, e-commerce revenue in Malaysia reached RM1,099.7 billion, a 6% growth from previous years. In 2021, revenue was RM1,037.2 billion, a 23.9% increase from RM675.4 billion in

2019 (DOSM, 2022). The year 2021 saw a significant rise of RM1.1 trillion in e-commerce revenue, a 21.8% overall increase. The wholesale and retail commerce sub-sector added 50,575 jobs (2.7%), and transportation and storage added 13,507 jobs (4.2%).

Online shopping revenue grew by 32.7%, reaching RM896.4 billion in 2020. Quarterly revenues were RM195.9 billion (Q1), RM216.9 billion (Q2), RM238.2 billion (Q3), and RM245.4 billion (Q4). The first quarter of 2021 saw a 30% year-over-year increase, totaling RM254.6 billion (DOSM, 2022).

1.1.2 E-commerce

E-commerce is pivotal for the growth of Malaysia's e-commerce sector and businesses, particularly MSMEs. In alignment with the National E-Commerce Strategic Roadmap (2021), e-commerce transaction revenue surpassed RM1 trillion for the first time, aiming for RM1.65 trillion by 2025. From 2017 to 2019, e-commerce revenue for businesses increased by 22.8% to RM675.4 billion. Local market revenue rose by 21.7% to RM591.8 billion, while the global market saw a 31.9% growth to RM83.5 billion. B2B contributed 13.0% growth, reaching RM449.6 billion. B2C saw a significant 53.3% growth, totaling RM194.0 billion, and B2G increased by 55.7% to RM31.8 billion (DOSM, 2022).

E-commerce spending rose by 14.8% to RM301.5 billion. Local market spending increased by 15.3% to RM269.6 billion, and international market spending grew by 10.8% to RM31.9 billion. B2B spending rose by 14.1% to RM277.6 billion, B2C spending increased by 24.6% to RM14.8 billion, and B2G transactions surged by 22.6% to RM9.1 billion (DOSM, 2022).

From 2015 to 2016, e-commerce transaction revenue grew from RM398.2 billion to RM447.8 billion, a 6.0% annual growth rate. In 2017, Malaysia's domestic market accounted

for RM399.8 billion (89.3% of total revenue), while the overseas market accounted for RM48.0 billion (10.7%). B2B transactions generated the most revenue at RM352.2 billion (4.9% growth rate), followed by B2G at RM13.1 billion (19.1%) and B2C at RM82.5 billion (9.5%) (DOSM, 2019).

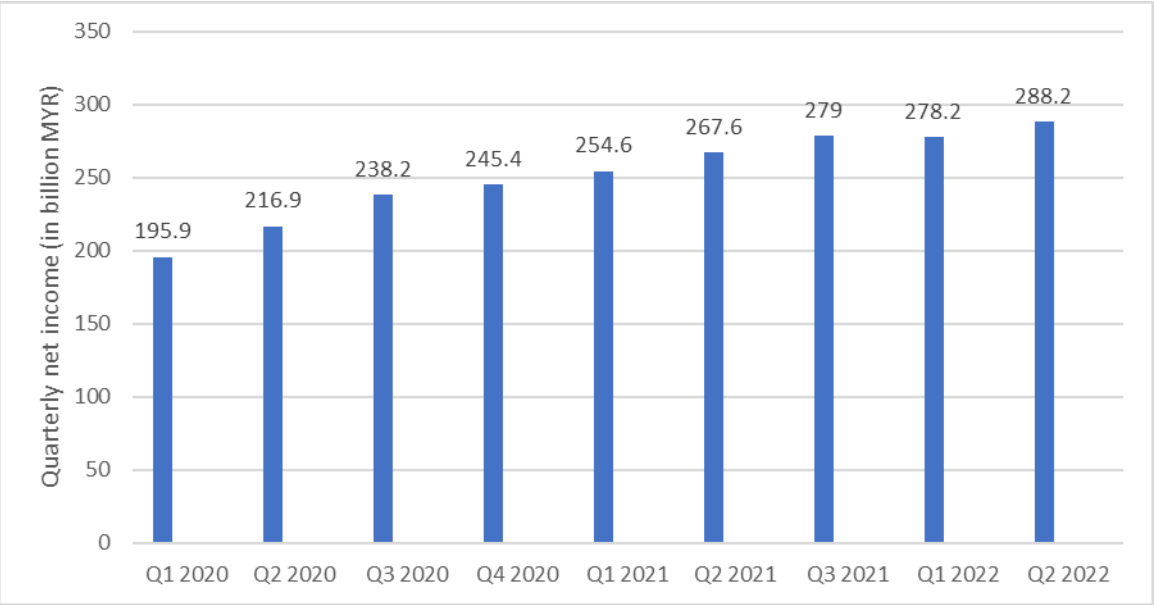

Figure 1.3: Quarterly net revenue of Malaysia's e-commerce industry in billion Malaysian ringgit from 1st to 2nd quarters of 2020

Source: Department of Statistics, Malaysia (2022)

Figure 1.3 shows the quarterly net revenue performance in RM billion of the e-commerce sector in Malaysia from quarter 1 of year 2020 from 195.9 billion (MYR) to 288.2 billion (MYR) quarter 2 of year 2022 and there is growth in every quarter between the comparison of both years.

The competitiveness of the Malaysian Courier, Express, and Parcel (CEP) market is driven by its fragmented nature, with a mix of foreign and domestic enterprises. The growth of e-commerce has brought both opportunities and challenges for logistical companies, particularly in delivery efficiency and speed. Well-financed global corporations are investing

in state-of-the-art storage and fulfillment facilities, leading to positive outcomes (Mordor Intelligence, 2021).

Local and regional companies are innovating market solutions to meet demand, with express suppliers competing based on services provided as value-added offerings. Competition is influenced by criteria such as price, dependability, delivery time, and additional services (Mordor Intelligence, 2022). Businesses must adapt to evolving consumer habits, notably the shift from traditional to online shopping. A study by Rakuten Insight found that 71% of Malaysian shoppers adjusted their preferred shopping times during the COVID-19 pandemic (Hirschmann, 2021).

The expansion of e-commerce in Malaysia, driven by young consumers, has increased demand for courier services. Young Malaysians are increasingly relying on online shopping, with 51% of participants aged 16 to 24 doing so at least once a week (Nielsen, 2018). Malaysia's tech-savvy population, with a significant presence on social media, fuels the digital market. Internet usage is widespread, with 25.08 million out of 31.83 million Malaysians accessing the internet. Online retail sales surged by 13% in 2011, reaching approximately RM842 million, driven by the active engagement of young consumers. The projected growth of Malaysia's e-commerce sector in 2020 is 20.8%, with potential revenue reaching $3.91 billion (Thestar.com, 2020).

1.1.3 Courier Service Industry in Malaysia

The courier services industry, as noted by Dones & Young (2020), has proven resilient, especially during the global pandemic, providing essential document and parcel delivery services. UPS, highlighted for its monumental daily package delivery volume, has navigated challenges throughout its extensive history, including the Covid-19 outbreak, yet

continues to thrive globally. Surahman et al. (2020) emphasize the significant impact of service quality and customer satisfaction on loyalty. Despite challenges faced during the Movement Control Order (MCO), Malaysian courier companies successfully handled a surge in demand, delivering approximately 438.96 million domestic items in 2020. The e-commerce market's growth to 30.2 billion Malaysian Ringgit further boosted parcel deliveries, positively impacting sector revenue.

Pos Laju, City-Link Express, GDEX, DHL Express, and FedEx Express dominate Malaysia's courier sector (Research and Markets, 2019), competing on criteria like cost, delivery speed, dependability, and customer service. Azahar and Kurniawan (2021) highlight technology's role in enhancing operational effectiveness, cost savings, and customer satisfaction for Malaysian courier services.

Regulation of the courier sector in Malaysia falls under the Malaysian Communications and Multimedia Commission (MCMC) and the Malaysian Aviation Commission (MAC) (MAVCOM). Technology-based courier services are overseen by the MCMC, while aviation-related services fall under MAVCOM (Chang and Liew, 2019). Rising operational costs, intense competition, and evolving consumer expectations pose challenges for the sector, which is also subject to regulatory scrutiny for safety and security compliance (Azahar and Kurniawan, 2021).

1.1.4 Young Consumers

In Malaysia, individuals aged 18 to 35 constitute the significant young consumer segment (Yee and Yap, 2017). This demographic, referred to as youth by the National Youth Development Policy (NYDP) and the Youth Development Act (YSADA), makes up 45.4% of the population (Youth Policy, 2021). The loyalty of young Malaysian customers is notably

influenced by their satisfaction with courier services (Aziz and Chok, 2017; Abdul Rahman et al., 2019). Factors such as service quality, convenience, and customer service play crucial roles in determining customer satisfaction in the courier service sector (Abdul Rahman et al., 2019; Aziz and Chok, 2017).

Young consumers in Malaysia prioritize sustainability, convenience, and quality when making purchases (Tan and Teck, 2019). They are significantly contributing to the surge in demand for courier services driven by Malaysia's booming e-commerce market (Mohamad et al., 2020). Focus groups and online ratings are effective methods for measuring customer satisfaction and identifying trends in consumer behavior within the courier industry (Keng and Tong, 2018; Mohamad et al., 2020).

Online reviews, which focus on delivery time, reliability, and customer service, are particularly influential for young consumers who rely on digital platforms for shopping (Mohamad et al., 2020). Engaging with young consumers through social media and online reviews presents opportunities for courier service providers to gather feedback and tailor their services to meet the needs of this demographic (Mohamad et al., 2020).

1.2 Background of the Study

As of January 2022, Malaysia's population stood at 32.98 million, with 7.5% aged 13-17, 11.7% aged 18-24, and 17.6% aged 25-34, constituting the young consumer segment (Digital Report: Malaysia, 2022). This demographic is characterized by their frequent internet use, social media activity, and preference for online shopping platforms (Digital Report: Malaysia, 2022).

E-commerce, facilitated by the internet, has become popular in Malaysia due to its convenience and speed (Arisah et al., 2016). The country's e-commerce sector has witnessed

substantial growth, with expenditures projected to reach RM 55.7 billion by 2025 (GlobalData e-commerce Analytics). E-commerce plays a vital role in expanding businesses, particularly for Micro, Small and Medium-sized Enterprises (MSMEs), contributing significantly to the nation's digital economy (DOSM, 2021).

According to Malaysian Communications and Multimedia Commission (MCMC, 2021), the courier market is expanding, with courier traffic increasing by 66.7% year over year in 2021. The National Courier Accelerator Plan (PAKEJ) aims to enhance courier services, with the goal of increasing per capita parcel volumes to 30 by 2025 (MCMC, 2021). Despite the slowdown in e-commerce growth in 2020 due to COVID-19 restrictions, the sector is expected to rebound in 2021, driven by increased consumer spending and easing restrictions (Reddy, 2021).

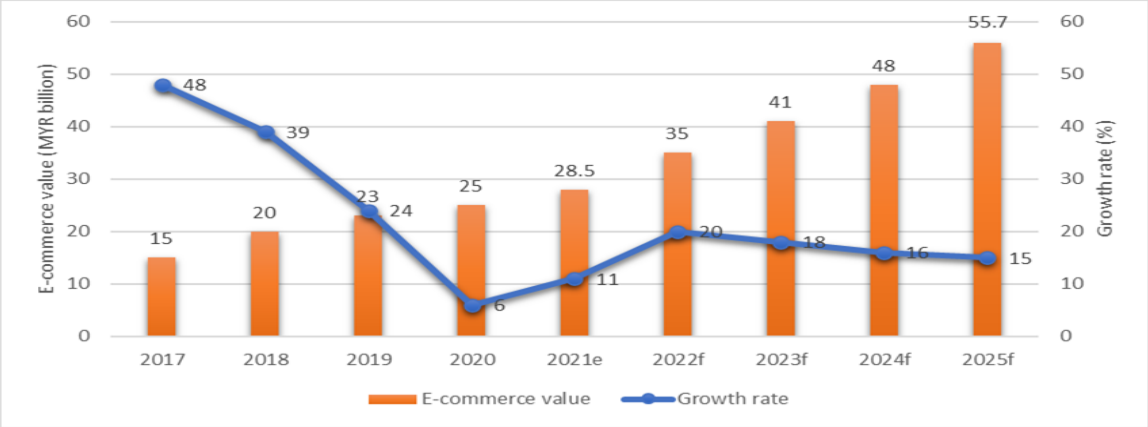

Figure 1.4: Malaysia E-commerce value (in RM billion) from year 2017 to 2025

Note: "e" refers to "estimated", whereas "f" refers to "forecast"
Source: Global Data Banking and Payments Intelligence Centre (2021)

As shown in Figure 1.4, the adoption of online shopping became increasingly convenient for consumers due to social distancing measures and the closure of physical establishments during lockdowns. The forecast for e-commerce payments in Malaysia suggests a compound annual growth rate (CAGR) of 18.3% in the foreseeable future,

projecting an increase from RM 28.5 billion in 2021 to RM 55.7 billion in 2025 (GlobalData's E-Commerce Analytics, 2021).

Customer support is crucial for the success of internet businesses, as it enhances trust and communication between sellers and customers (Zendesk, 2022). E-commerce witnessed unprecedented growth in 2021, emerging as the primary platform for global sales amid crises like the COVID-19 pandemic (GlobalData's E-Commerce Analytics, 2021).

In Malaysia, e-commerce payments are projected to increase significantly, benefiting the courier services industry (GlobalData's E-Commerce Analytics, 2021). The local courier services market in Malaysia has become fiercely competitive, with over 100 service providers due to rapid e-commerce expansion (MCMC, 2021). In 2021, courier service providers handled 770.8 million items, reflecting a 67% increase from 2020, driven by the surge in online buying (MCMC, 2021). However, there has been a significant increase in customer complaints about courier services, with late delivery being the most common issue (MCMC, 2021). A study focusing on young consumers aged 18-35 in Malaysia aims to measure their satisfaction and loyalty towards courier services (MCMC, 2021). This study will gather data through questionnaire surveys to understand young consumers' satisfaction levels and preferences, providing valuable insights for the courier service industry (MCMC, 2021).

1.3 Problem Statement

The MCMC 2021 report lacks specific data on the percentage of complaints from young consumers regarding courier services. The MCMC 2023 website only outlines the complaint process without detailing the dissatisfaction cases from young consumers. This study aims to explore the factors causing dissatisfaction among young consumers (aged 18-

35) with Malaysian courier services and whether this impacts their loyalty, using the SERVQUAL model by Parasuraman et al. (1988).

Online shopping is popular in Malaysia, with 80% of Malaysians making online purchases (Simon & Sarah, 2019). Young consumers (20-30 years) are the primary e-commerce adopters (MCMC, 2018; EcInsider, 2019). They are tech-savvy and prefer online shopping for its convenience (Accenture, 2019). Retailers are investing in technology to meet young consumers' demands (McKinsey, 2022). Anuar and Mokhtar (2020) noted young consumers' preference for mobile shopping and prompt delivery, but did not explicitly address their satisfaction with courier services. Most research on younger generations focuses on other sectors like food and tourism (Lim et al., 2021; Lim et al., 2023).

Present-day customers are well aware of the importance of service quality, as highlighted by Lim et al., (2022). In the courier industry, companies are prioritizing service quality and customer satisfaction in order to align with consumer expectations. Improving the overall quality of courier services is essential for building customer loyalty.

Service quality is crucial in the courier industry to build customer loyalty (Lim et al., 2022; Evans & Dean, 2003). Adopting a consumer-driven approach improves service quality (Baldassarre et al., 2017; Hartono, 2020). Customer satisfaction, while debated, is linked to customer loyalty (Caruana et al., 2000; Aziz et al., 2016; Siddiqi, 2011; Kim et al., 2004; Chang et al., 2009). Al-Ma'aitah and Al-Khawaldeh (2019) identified perceived value, trust and satisfaction as key to customer loyalty in the courier sector.

Young consumers prioritize convenience and speed in logistics (Kotler et al., 2017). They prefer alternative delivery methods like pick-and-collect and same-day delivery (Braun et al., 2021). The SERVQUAL model, though widely used, lacks specific logistics factors

like delivery speed and accuracy (Hussain et al., 2017) and does not incorporate customer expectations (Wu & Chen, 2019). Criticism includes its reliance on gap analysis, which might not capture service quality complexity (Kim et al., 2021).

Limited research targets young customers in courier services. Khurana and Pal (2019) noted the significant influence of youth on India's courier sector, suggesting more research is needed. Satisfaction correlates strongly with loyalty (Leninkumar, 2017; Belás & Gabová, 2016; Coelho & Henseler, 2012). Enhancing customer satisfaction is key to maintaining loyalty (Heskett et al., 2008; Chodzaza & Gombachika, 2013; Chu et al., 2012; Hassan et al., 2013; Lee & Moghavvemi, 2015).

1.4 Research Questions

The following research questions aims to provide a comprehensive understanding of young consumers' satisfaction with the courier service industry in Malaysia. The findings will aid in shaping strategies to enhance customer experience, meet the expectations of young consumers and ultimately foster loyalty, encouraging continued use of courier services.

i. What are the factors influencing customer satisfaction in the context of courier service industry in Malaysia?

ii. To what extend does the customer satisfaction influence customer loyalty?

iii. Will perceive value moderate the relationship between customer satisfaction and customer loyalty among young consumers in Malaysia?

1.5 Research Objectives

The general objective of this study is to assess the satisfaction of young consumers with the courier service business in Malaysia in order to improve the customer experience and meet their wants and expectations, which will eventually lead to customer loyalty in the courier service industry in Malaysia. It assists in identifying the courier service industry's potential growth areas.

i. To assess the impact of SERVQUAL dimensions towards young customer satisfaction in courier service industry in Malaysia.

ii. To evaluate the relationship between customer satisfaction and customer loyalty among young consumers in Malaysia's courier service industry.

iii. To examine the moderating impact of perceived value between customers satisfaction and customer loyalty among young consumers.

1.6 Significance of the Study

The current study addresses the literature gaps pertaining to SERVQUAL model and the behavior of young consumers in the context of courier service industry. The examination of customer satisfaction and its correlation with customer loyalty among young consumers in the courier service sector in Malaysia is of considerable significance, offering valuable insights to address the gaps in literature. Based on the SERVQUAL model, there are five dimensions namely tangibility, reliability, responsiveness, assurance and empathy has been employed to assess the customer satisfactions. Also, perceived value has been employed as moderator to exam the relationship between customer satisfaction and loyalty in the courier service industry. To address the gap in the context, the current study, investigate the behavior

of the younger generation which is currently lacking based on the literature in consumer behavior.

1.6.1 Practical Contribution

The results of this study will offer practical and implementable insights for courier service providers in Malaysia, enabling them to customize their services to align with the preferences and requirements of young consumers. Identifying the factors influencing customer satisfaction and loyalty can assist companies in implementing focused strategies.

Business practitioners can extract vital marketing strategies from this study, enabling them to provide memorable value propositions to customers. Strengthening these customer-business relationships is essential for maintaining competitiveness in the market, as highlighted by research conducted by Aprilia and Suryani (2020), Lee and Kim (2021), Park (2019), and Langgat et al. (2020).

In a competitive market, gaining a comprehensive understanding of young consumers' satisfaction drivers and loyalty factors can help courier companies differentiate themselves from their competitors. Meeting the specific demands from these young consumers demographic can result in a loyal customer base and increased market share.

Armed with insights into what keeps young consumers satisfied and loyal, courier companies can develop more effective customer retention strategies. This can lead to reduced customer leaving rates, increased customer lifetime value and ultimately improved business performance.

Prioritizing a customer-centric approach is crucial for enduring success. This study has the potential to motivate courier service providers to emphasize customer satisfaction and loyalty in their operational frameworks, resulting in enhanced service quality and

heightened customer advocacy. Furthermore, the study may have policy implications for the courier industry in Malaysia, with policymakers utilizing the findings to foster industry growth and development while fostering a customer-centric environment.

1.6.2 Theoretical Contribution

This study will add valuable insights to the existing customer satisfaction theories by focusing on the unique preferences and expectations of young consumers in the courier sector in Malaysia. It can uncover factors specific to this demographic that contribute to overall customer satisfaction. Through exploring the connection between customer satisfaction and loyalty among young consumers in the courier industry, this study has the potential to enhance the comprehension of how loyalty develops and the significance of satisfaction as a motivating factor for sustained customer commitment.

The objective of this study was to create a measurement scale for evaluating service quality dimensions and their impact on customer satisfaction and loyalty within the Malaysian courier service industry among young consumers. The empirical findings from this research strongly support the link between service quality, customer satisfaction and subsequent customer loyalty.

Overall, the study on measuring customer satisfaction among young consumers in the courier service industry in Malaysia has practical, theoretical and policy implications that make it significant for all stakeholders involved.

1.7 Scope of the Study

The focus of this study is on young customers between the ages of 18 and 35 who have used courier services in Malaysia over the past 12 months in order to assess their satisfaction, which will ultimately result in customer loyalty, among this market's younger

customers. The study will cover various aspects of courier services, including using the SERVQUAL 5 dimensions on delivery times, reliability, customer service and it will be conducted using online survey questionnaire, and data will be collected from representative sample of young consumers across different regions in Malaysia.

1.8 Definitions of the Key Terms

To ensure clarity and consistency in our discussion, it is crucial to establish precise definitions for the key terms used in the study. This section aims to define important terms such as the courier service industry, young consumers, customer satisfaction, customer loyalty and SERVQUAL. By offering clear explanations of these terms, we aim to provide a strong basis for the discussion study and ensure that readers have a thorough comprehension of the concepts that will be examined in the study.

1.8.1 Courier Service Industry

The courier service industry is essential for both customers and courier companies, especially in the rapidly developing e-commerce sector (Gulc, 2021).

1.8.2 Young Consumers

Young consumers, often defined as individuals between the ages of 18 and 35, belong to the Millennial and Generation Z cohorts. These consumers are often the focus of marketing efforts due to their significant purchasing power and influence on market trends. Value grocery retailers have grown more than twice as quickly as conventional supermarkets for more than a decade as a result of young consumers' long-lasting price-conscious attitudes (Boston Consulting Group, 2023).

1.8.3 Customer Satisfaction

Customer satisfaction and service quality are essential for evaluating service performance against predefined standards (Kar, 2016). When customers compare their product experience with their expectations, feelings of surprise or disappointment can arise (Kotler & Keller, 2012). Customer satisfaction serves as a metric to gauge how content customers are with a company's offerings, including products, services, and capabilities. The level of customer satisfaction reflects the company's competitiveness and long-term success (Ho, Teik, Tiffany, Loong, & Teh, 2012).

1.8.4 Customer Loyalty

Customer loyalty serves as both encouragement and motivation for companies to consistently provide excellent service to their customers, fostering long-term growth (Zaid et al., 2021). Researchers define customer loyalty as the enduring relationship established by service providers with customers, rooted in remarkable experiences. These experiences can stem from product or service quality, pricing, and emotional connections. Customer loyalty becomes evident when customers place their trust, commitment, and happiness in the service encounters they receive (Basbeth, 2021).

1.8.5 SERVQUAL (Service Quality Model)

The SERVQUAL model, a prominent service quality metric, was developed by Parasuraman, Zeithaml and Berry in 1985 and 1988. This multidimensional research tool comprises five dimensions - tangibles, reliability, responsiveness, assurance and empathy aimed at comprehensively gauging consumer expectations and perceptions of a service across these categories.

1.8.6 Perceived value

Perceived value, as described by Al-Ansi and Han (2019), emerges from customers' cognitive assessments of goods or services, considering factors such as cost and credit.

1.9 Organization of the Study

This report is divided into five chapters: Introduction, Literature Review, Research Methodology, Results (Analysis and Evaluation) and finally, Discussion and Conclusion.

The first chapter provides an overview of the study, including the background, problem statement, research questions and objectives, significance, scope, key terms and organization.

The second chapter reviews existing literature, theories, conceptual frameworks and hypotheses.

The third chapter describes the research design, sample selection, questionnaire development, pre-testing and statistical analysis.

The fourth chapter presents and analyses the results of the study, discussing their implications for the hypothesis with the moderators of perceived value.

The final chapter summarizes the findings and discusses their implications, limitations and suggestions for future research.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

During the COVID-19 pandemic, courier services emerged as essential facilitators of global trade and delivery networks, experiencing a surge in demand worldwide (Dones & Young, 2020). Notably, the United Parcel Service (UPS), a longstanding leader in the industry, navigated various crises throughout history and continued to thrive amidst the pandemic, delivering millions of packages daily (Dones & Young, 2020).

In Malaysia, courier services played a pivotal role in delivering goods during the Movement Control Order (MCO), which restricted movement and led to a significant increase in online shopping (Surahman et al., 2020). As a result, the demand for courier services soared, with providers handling around 438.96 million domestic courier items in 2020 (Ilyas et al., 2021). This surge in demand was fueled by the booming e-commerce market, which reached a value of 30.2 billion Malaysian Ringgit in the same year (Ilyas et al., 2021). Customer satisfaction became a crucial determinant in choosing courier providers during this period, with service quality directly impacting customer loyalty (Surahman et al., 2020).

Abd Razak et al. (2021) found that service quality, customer satisfaction, and trust significantly influence loyalty, with trust being the most impactful. Abdul Rahman et al. (2019) also identified service quality, convenience, and satisfaction as key determinants of loyalty. The courier industry in Malaysia faces challenges like intense competition and

shifting consumer preferences (Li Yin, 2018). Measuring young consumers' satisfaction can help identify areas for improvement and develop strategies to enhance loyalty.

Globally, courier services are valued for speed, security, and tracking, essential for e-commerce. Haron et al. (2017) reported that 38% of online buyers were dissatisfied due to delivery issues. Poor delivery experiences harm both the courier's and retailer's reputations. Ngo and Nguyen (2016) emphasized that customer satisfaction is crucial for loyalty.

Effective complaint handling is vital for maintaining satisfaction and loyalty. Kaura, Prasad, and Sharma (2015) found a strong link between service quality, satisfaction, and loyalty. Istanbulluoglu (2017) stressed the importance of effective complaint handling in corporate marketing. Zena and Hadisumarto (2012) noted that resolving complaints can turn negative experiences into positive ones, encouraging repeat business.

Building strong customer relationships is essential in today's competitive environment. A robust customer portfolio is a significant competitive advantage (Cambra-Fierro, Melero-Polo, & Sese, 2016). The courier industry must recognize the value of engaging with customers and forming trust, particularly when addressing service failures. Overall service quality directly influences loyalty and satisfaction, with dissatisfied customers likely to switch to competitors (Kaura, Prasad, & Sharma, 2015).

2.2 Service Quality Model

In the contemporary era, customers increasingly acknowledge the significance of service quality (Soriano, 2002). Courier companies are now prioritizing the enhancement of service quality and customer satisfaction to align with consumer expectations. Improving the overall quality of courier services becomes a key element in cultivating customer loyalty.

Thus, the quality of courier services stands as a crucial factor influencing customer behaviour and the overall performance of the courier service industry business. The ultimate factor of quality is the customer (Evans & Dean, 2003). Therefore, grasping customer needs involves accurately interpreting their requirements and expectations, ensuring the delivery of products and services of satisfactory quality. The enhancement of service quality gains particular importance when crafting a sustainable value proposition. Baldassarre, Calabretta, Bocken, and Jaskiewicz (2017) underscored the necessity for a consumer-centric approach to enhance sustainable services. Additionally, Hartono (2020) emphasized involving customers in the development of sustainable courier services. Sustainable service entails delivering goods and services that meet customer needs while contributing to societal progress. Furthermore, sustainable services should strive to identify and comprehend customers' needs and expectations.

Service quality arises from the gap between customer expectations and their actual perceptions of the service received (Parasuraman, Zeithaml, and Berry, 1985). Given that services are primarily intangible, assessing their quality becomes subjective. Consequently, service quality hinges on how customers perceive the services they encounter. After engaging in the service process, customers evaluate their experience against their initial expectations to determine satisfaction (Gronroos, 1993; Osama and Sentosa, 2013; Yulisetiarini, 2014).

Perceived quality refers to a general judgment or feeling about a service, encompassing individuals' emotional and relative responses. It is a behaviour linked to contentment, involving the evaluation of outcomes by comparing expectations with perceptions (Parasuraman et al., 1991). Several studies suggest that service quality can be viewed as the degree to which a company fulfils customer needs or desires (Barbara and

Vincent, 1990). It is also described as the overall perception of whether the services are relatively inferior or superior to the customer (Zeithaml et al., 1990).

SERVQUAL is a comprehensive scale developed to measure the discrepancy between a customer's expectations and the actual performance of the service provided (Parasuraman, Zeithaml & Berry, 1985; Yap, 2020). Given that individuals have varying perspectives on specific services, it is essential for every company to maintain consistent service quality (Lee et al., 2018).

This model was crafted for a variety of service and retail businesses to gauge customer perceptions of service quality (Kang & James, 2004; Parasuraman et al., 1985; Tuncer, Unusan & Cobanoglu, 2021). Subsequently, this sparked a significant interest among scholars and experts in exploring debates surrounding service quality. This interest was driven by the understanding that superior service quality could enhance a company's overall performance (Yap, 2020).

Parasuraman et al. (1988) commonly use the gap between a customer's expectations and their perceptions of the received service to define service quality. Expectations are considered normative standards or perspectives regarding the quality of services a provider is expected to deliver, serving as a benchmark against which the actual services provided are assessed (Zeithaml et al., 1996).

For managers and researchers in various service industries, service quality holds significant importance. Customers might find it more challenging to evaluate the quality of a service compared to a tangible product due to the intangible nature of services. The definition of service quality often revolves around the difference between a customer's expectations and their perceptions of the received service, as outlined by Parasuraman et al. (1988). Expectations are considered normative standards or perspectives regarding the

services a provider should offer and serve as a criterion for judging the actual services provided (Zeithaml et al., 1996).

The service quality model plays a pivotal role in service marketing and management as it empowers businesses to improve their product quality and meet customer demands effectively. Central to the service quality theory are the customer's perception of service quality and the factors influencing it. Parasuraman et al. (1985) define service quality as the difference between customer expectations for a service and their evaluation of the actual service received. Zeithaml and Bitner (2003) outlined five dimensions of high-quality service, which include reliability, tangibility, responsiveness, assurance and empathy.

Service quality is fundamentally a perception shaped through a comprehensive evaluation of exceptional performance, and it makes sense to consider this attribution in terms of the customer's experience with the service received. Assessments of interaction, outcome and the quality of the physical environment are utilized to measure on the service quality. When evaluating customer satisfaction, service quality stands out as a critical variable (Zeithaml et al., 1990).

Given the simultaneous production and consumption of services, evaluating them becomes a challenge. Consequently, providing specific and consistent standards for testing can be rare. This makes it challenging to determine how customers perceive the quality of service (Parasuraman, Zeithaml, & Berry, 1985). The inherent heterogeneity of services means that their delivery varies between producers, consumers and even from day to day (Parasuraman et al., 1985). Additionally, ensuring consistent staff behaviour is challenging, as what the customer receives may deviate from the company's intended service.

The service quality model has been applied to investigate various service sectors. For instance, a study by Zhang et al. (2019) explored the connection between customer loyalty and service quality within the airline industry. The research indicated that service quality significantly influenced customer loyalty. Therefore, prioritizing improvements in reliability, responsiveness and assurance should be a key focus for airlines. In a separate study, Kim et al. (2020) examined the impact of service quality on customer satisfaction and loyalty in the hospitality sector. According to the findings, high-quality customer service has a substantial positive impact on satisfaction and loyalty. Notably, responsiveness and empathy were identified as the aspects of service quality with the most significant effects on customer loyalty.

Organizations need to evaluate the excellence of their services to understand customer perceptions and identify areas for potential improvement. The SERVQUAL model, developed by Parasuraman et al. in 1985, is a widely used tool for assessing service quality. It assesses the quality of services by comparing customers' expectations of service quality with their perceptions of the actual service received.

Customers evaluate the quality of the service they receive based on their individual experiences, which are open to interpretation (Parasuraman et al., 1985). Ryu and Han (2010) highlight the significance of monitoring and enhancing service quality over time in fast-food businesses. While the "SERVQUAL" tool can be employed for assessing service quality, it is ultimately the customer who decides how well they perceive the treatment they receive. Courier service providers should recognize that customers assess the perceived value of a service based on their overall experience, encompassing both tangible and intangible aspects. Traditionally, customer service and delivery time have been the primary focuses of courier services.

However, today they must also consider other crucial elements including delivery and pickup costs, employee's attitudes, the workplace atmosphere, location and more. While gaining new customers was once the main objective, keeping current ones is now more crucial. In the highly competitive courier service industry, achieving and sustaining success and profitability hinges on service quality. Courier companies need to understand the needs and expectations of their customers to provide top-notch service.

The SERVQUAL model finds application in various service sectors, leveraging its five dimensions - reliability, responsiveness, assurance, tangibility and empathy to produce favourable outcomes (Muljono & Setyawati, 2019). Due to its versatility and suitability in diverse contexts, the SERVQUAL instrument is widely acknowledged and has been utilized in numerous studies on service quality. Pandey et al. (2021) conducted research examining the relationship between courier service quality and customer satisfaction.

In the courier service industry, service quality holds immense importance, especially as customers seek fast and reliable product delivery. According to Mogaji et al. (2019) and Aderounmu et al. (2021), the ability of the courier service industry to deliver high-quality service significantly influences customer satisfaction and loyalty. For instance, in their study conducted in Nigeria, Mogaji et al. (2019) found that service quality had a substantial impact on consumption and satisfaction. The study suggests that courier service providers should focus on improving the dimensions of timeliness, reliability and assurance in service quality to enhance customer satisfaction and loyalty.

Despite efforts to improve and control service quality in Malaysia's courier service business, there are still problems that persist. One of the difficulties is the rising demand for same-day or next-day delivery, which puts pressure on courier service providers to deliver products on time (Sarker et al., 2020). The problem of missing or damaged packages is

another challenge that might result in customer dissatisfaction and loss of trust (Aderounmu et al., 2021). However, in the Malaysian courier service industry, there are various approaches to improve service quality. Another strategy is to invest money on technology to give customers real-time updates on their shipment delivery, including GPS monitoring and smartphone apps (Sarker et al., 2020). A different approach is to give staff members training to enhance their customer service and problem-solving abilities (Mogaji et al., 2019).

The SERVQUAL model has however, drawn criticism from certain researchers for its flaws, such as its failure to adequately represent the distinctive characteristics of various service industries (Caruana and Ewing, 2019). As a result, a number of substitute models have been created, such as the HOLSAT (Holiday Satisfaction) model, which evaluates customer satisfaction by taking into account the entire service experience from the perspective of the customer (Buil et al., 2019).

Service quality model is a crucial component of service marketing and management because it provides businesses with the resources, they need to enhance the quality of their goods and services while still satisfying customer demands. Companies need to assess service quality to understand customer perceptions and identify areas for improvement. Various service industries have explored the applicability of service quality theory, leading to the development of alternative models tailored to specific sectors, such as the HOLSAT model. Despite these alternatives, the SERVQUAL approach remains widely utilized for evaluating service quality.

In the service sector, establishing a strong relationship with consumers is paramount. This connection represents a critical achievement. Notably, previous research has consistently highlighted the significant correlation between service quality, customer satisfaction, and customer loyalty (Aprilia & Suryani, 2020).

Table 2.1: SERVQUAL Dimension Instruments descriptions

Dimension	**Description**
Tangibles	Enhanced tangible elements provided by an organization directly correlate with the quality of service delivered to customers (Ngaliman, Eka & Suharto, 2019).
Reliability	Reliability refers to employees' capacity to consistently deliver services in accordance with agreements (Man, Eka & Harto, 2019). Research by Siali, Wen, & Hajazi (2018) underscores the critical role of reliability in service quality.
Responsiveness	Responsiveness refers to employees' awareness and willingness to assist customers promptly (Kuo et al., 2018). It encompasses their desire, immediate action, and attentiveness in providing fast and efficient services (Ahmad & Sungip, 2021). Responsiveness signifies the service providers' ability to offer timely and suitable assistance to consumers, ensuring clear and efficient delivery Kara et al., 2018).
Assurance	Assurance, reflects the competence, knowledge, and courtesy of employees. It encompasses their ability to establish trust with customers. In simpler terms, assurance pertains to the professionalism and good manners exhibited by staff members (Kant & Jaiswal, 2017).
Empathy	Empathy defined compassion as the thoughtfulness and individual consideration the company shows to its customers (El Saghier & Nathan, 2013).

Customer Satisfaction: These five dimensions collectively contribute to overall customer satisfaction. When customers perceive high service quality across these dimensions, their satisfaction increases. Customer satisfaction has been defined in different ways, often emphasizing either the evaluation process (Gustafsson, 2005; Hunt, 1977) or the response to that evaluation (Rust and Oliver, 1994).

According to Gustafsson et al. (2005), it represents a customer's overall assessment of an offering's performance up to the present, echoing the recommendation of Hunt (1977) that it is the evaluation process confirming the experience's adequacy. In contrast, Rust and Oliver (1994) characterize satisfaction as the "customer fulfilment response" to service evaluation. This view aligns with the value-percept disparity theory, suggesting satisfaction arises as an emotional reaction to a cognitive evaluation, where customers compare their

perceptions of an offering against the fulfillment of their values (Westbrook and Reilly, 1983). For this study, the definition of customer satisfaction put forward by Rust and Oliver (1994) is adopted, given that "most definitions have leaned towards the idea of consumer satisfaction as a response to an evaluation process" (Giese and Cote, 2000

Perceived Value (Moderator): Perceived value influences the relationship between customer satisfaction and customer loyalty. If customers perceive that the courier service provides excellent value for the price they pay (e.g., reliable delivery, responsive customer support), their loyalty is strengthened. This is crucial for businesses to grasp that a customer's perception of value precedes their satisfaction (Kim et al., 2019; Song et al., 2015; Sweeney and Soutar, 2001).

2.3 Consumer Behaviour Theory

In the realm of consumer behaviour theories and research, attitudes play an increasingly pivotal role. The term “attitude” encompasses enduring sets of beliefs, feelings, and behaviours directed toward objects, groups, and symbols of social significance (Hogg & Vaughan, 2005). It describes how individuals perceive and react to various aspects—what they favour and what they dislike (Blackwell, Miniard, & Engel, 2001).

The Theory of Planned Behaviour (TPB), established by Ajzen (1985), is commonly used to assess customer satisfaction and behavioural intentions. TPB posits that an individual’s intentions to engage in specific behaviours can be accurately predicted based on attitudes toward the behaviour, subjective norms, and perceived behavioural control. These intentions, along with perceptions of behavioural control, significantly influence actual behaviour (Ajzen, 1991). Numerous studies have demonstrated TPB’s effectiveness in predicting purchase intentions for various products, including food (Carfora et al., 2019,

2021; Qi and Ploeger, 2019; Soorani and Ahmadvand, 2019), as well as usage intentions in e-commerce, hotel services, public transportation, and nuclear power plants (Peña-García et al., 2020; Yakasai and Jusoh, 2015; Chen and Tung, 2014; Yuda Bakti et al., 2020; Ong et al., 2021).

The rapid expansion of e-commerce has triggered significant transformations in startups, courier services, and consumer transactions. Notably, erratic purchasing behaviour has been linked to a tendency for self-isolation (Laato, Islam, Farooq, & Dhir, 2020). An analysis of consumer behaviour in the U.S. before and during the Covid-19 pandemic revealed a substantial surge in online shopping during the crisis (Mason, Narcum, & Mason, 2020). The decision to buy online and utilize courier services concurrently is influenced by consumers' attitudes. Their acceptance of internet purchasing as a medium for transactions serves as an indicator of these attitudes. Additionally, consumers form perceptions about specific online merchants and their delivery service providers (Jahng, Jain, & Ramamurthy, 2001). As consumer behaviour in online purchasing continues to evolve, the demand for courier services is on the rise.

Consumer behaviour primarily centers around the purchasing patterns of individuals or consumer groups, including their expenditure on household products (Mandel et al., 2017). It encompasses the acquisition, consumption, and disposal of goods, services, time, and ideas by decision-making units (Jacoby, 1976) emphasizing the dynamic nature of consumer behaviour as a process. Researchers often delve into consumer behaviour to explore various activities, such as product selection, purchasing, and consumption, all aimed at fulfilling specific needs, desires, or demands (Perner, 2016). These activities, whether conscious or unconscious, often recur throughout a consumer's daily routine. Additionally, personal and situational factors significantly influence consumer behaviour (Rani, 2014).

Despite some habitual and predictable aspects, consumer behaviour can also exhibit complexity and unpredictability.

Kotler and Keller (2011) defined consumer buyer behaviour as the examination of how individuals, communities and organizations obtain and discard goods, services, ideas, or experiences to fulfil their needs and objectives. Kuester and Sabine (2012) described consumer behaviour as the exploration of how individuals, groups, or organizations choose, acquire, use and dispose of products, services, experiences, or ideas to satisfy their needs. This area of study also looks into the repercussions of these practices on both the broader society and consumers.

Consumer behaviour is an interdisciplinary field that draws from psychology, sociology, social anthropology, marketing and economics. It seeks to comprehend how buyers, both individually and in groups, make decisions, including the impact of emotions on purchasing behaviour. This field examines various factors that influence consumer preferences, including demographic and behavioural variables. It also examines how social groupings, including families, friends, reference groups and society at large, affect the decisions made by consumers (Kahle and Close, 2011; Minton and Khale, 2014). Furthermore, consumer behaviour forms the foundation for all marketing decisions, as marketers rely on assumptions and knowledge about consumer behaviour to shape their strategies (Hawkins and Mothersbaugh, 2007).

2.3.1 Perceived Value

According to the theory of consumer behaviour, perceived value is the subjective evaluation a customer makes of the advantages they get from a good or service in comparison to the expenses or trade-offs they have to make to get it. It consists of the customer evaluating

the value of the good or service in relation to how effectively it meets their needs and expectations.

Customer perceived value, according to Zeithaml (2006), is the overall evaluation that customers make regarding the usefulness of a product or service in relation to what they receive in return. When customers feel that for instance, the costs they pay have more value, they are more likely to be satisfied. When a business offers benefits that are comparable to the costs they have incurred, customers are satisfied. Hence, customer satisfaction is substantially influenced by consumer value. Perceived value, as outlined by Woodruff (1997), is the comprehensive assessment by a customer of a product's usefulness, rooted in perceptions of what is offered and received. Sweeney and Soutar (2001) characterized perceived value as "a consumer's overall evaluation of the usefulness of a product or service based on perceptions of what is received and what is given," as opposed to the actual value.

In the Malaysian courier service industry, several studies have employed this theory to assess customer satisfaction and service quality. Valaei et al. (2016) introduced the CouQual (Courier service Quality) measurement scale, adapting the modified SERVQUAL approach to suit the specific requirements of courier services. The model encompasses five attributes of service quality: promptness, safety, convenience, accuracy and tangibility. It delves into how these attributes influence customers' perceived service quality and overall service quality, considering the moderating effects of demographic factors. The model underwent testing with data from 561 customers of courier service providers in Malaysia, revealing that timeliness, safety and convenience positively influenced perceived service quality, while reliability and tangibility showed no significant impact.

When COVID-19 epidemic hit in year 2020, Mazlan (2021) looked at the difficulties logistics courier firms had in supplying the rising demand for services through online

shopping. According to him, the most important variables affecting customer satisfaction and loyalty were dependability, responsiveness, assurance and empathy. In Malaysia and Indonesia, for J&T Express courier services, Liew and Liew (2022) compared the effects of the COVID-19 epidemic on consumer behaviour. Customer satisfaction and perceived value were measured using the expectation-confirmation theory. Positive correlations between customer satisfaction and perceived value, service quality, perceived utility and perceived ease of use were found.

Customer satisfaction among Pos Malaysia customers in Kuala Terengganu was evaluated by Omar Ali and Abd Hakim (2020) in connection to several service quality factors. Four service quality dimensions - reliability, responsiveness, assurance and empathy were assessed using a modified version of Parasuraman et al. (1985) SERVQUAL model. All four factors were discovered to be favourable predictors of customer satisfaction, with responsiveness and dependability being the most significant.

Yaacob et al. (2022) explored various factors influencing customer satisfaction with Johor Bahru's courier service management quality. Five service quality dimensions - tangibility, reliability, responsiveness, assurance and empathy were evaluated using the SERVQUAL paradigm. They discovered that customer service satisfaction was significantly positively correlated with all five dimensions. In Kuwait, UAE, a health and fitness centre's service effectiveness, customer satisfaction, consumer behaviour and company performance were examined by Rosete (2022) to evaluate customer satisfaction and perceived value, by applying the perceived value theory. He discovered that customer contentment and perceived value were positively correlated with service quality, perceived usefulness and perceived ease of use.

2.4 Customer Satisfaction

Customer satisfaction, as described by Kotler and Armstrong (2018), refers to the degree to which a product or service meets or surpasses a customer's expectations. Any successful company must prioritise customer satisfaction since it can boost revenue, employee's morale and customer retention. Oxtafiani and Widowati (2017) emphasize the importance of customer satisfaction for businesses, while Ningsih and Segoro (2014) note that customer reactions after a purchase can include attitudes, evaluations and emotional responses. According to Djan and Adawiyyah (2020), customer satisfaction occurs when the chosen product meets or surpasses expectations based on a sales assessment. Conversely, customers experience disappointment when a product fails to meet their expectations (Kotler & Keller, 2013).

According to Nguyen et al. (2000) and Imran et al. (2017), customer satisfaction is assessed after a consumer has utilised a product or service. It comes about as a result of a favourable contrast between the service's performance as expected by the customer and the actual performance received (Rita et al., 2019; To et al., 2020; Cheng et al., 2019). After a purchase, the chosen alternative must be evaluated to determine whether it met or exceeded the customer's expectations; otherwise, the customer is dissatisfied (Giao, 2020; Basari & Shamsudin, 2020). Customer satisfaction has already been measured using variables including speed, seller attitudes and quality (Subramanian et al., 2014), as well as elements like superior customer service, prompt order fulfilment, a user-friendly website and a large selection of products (Pandey et al., 2020). A contented customer is more inclined to offer positive recommendations for the business (Leung, 2020).

Customer satisfaction is vital for various industries, including courier services, which have become pivotal in the logistics and supply chain sector due to the increasing

significance of e-commerce and online purchases. This trend has led to a heightened focus on satisfaction among young consumers in Malaysia.

Assessing service performance against established benchmarks involves key considerations of customer satisfaction and service quality (Kar, 2016). Customer satisfaction is characterized by the degree of surprise or disappointment when comparing product performance with expectations (Kotler & Keller, 2012). It serves as a measure to evaluate how content customers are with a company's products, services and capabilities. The level of customer satisfaction is indicative of a company's competitiveness and long-term success, closely linked to the quality of its products and services (Ho et al., 2012). Information on customer satisfaction, derived from surveys and ratings, offers valuable insights to the company, guiding improvements or alterations to its offerings.

The term "customer satisfaction" is a multifaceted concept, representing a state with diverse dimensions such as emotional, personal, individual or subjective aspects. This state accompanies the customer throughout various stages of the purchasing process. Within the realm of customer satisfaction, distinct terms are associated with customer reactions to the service or product provided, opinions regarding meeting customer requirements, emotions linked to the acquisition of a specific good and the significance of customer satisfaction for the enterprise (Biesok, Wyród-Wróbel, 2016).

Elements influencing customer satisfaction include factors such as pricing (Thurong, 2016; Biesok and Wyród-Wróbel, 2016), service quality (Weerasiri, 2015; Minh and Huu 2016), perceived value (Hapsari et al., 2016; Chiu et al., 2011; Lin and Wang, 2006), perceived quality (Nasser et al., 2012), media marketing and service quality (Irshad et al., 2022), personal interaction, convenience, services and physical appearances (Thurong, 2016). Additionally, sales personnel competence, convenience, reliability, physical

evidence, after-sales service and product innovation play roles (Kumar, 2017), along with image (Chiu et al., 2011; Lai et al., 2009; Nasser et al., 2012), functional, emotional and social value (Hadiansah, 2017), and customer expectations (Nasser et al., 2012).

In turn, the outcomes of customer satisfaction include business results (Nilsson, Johnson, Gustafsson, 2001), intentions to buy (Kim, Lee, 2011), oral communication (Kim, Lee, 2011) and loyalty (Fornell et al., 1996; Deng et al., 2013; Biesok, 2020; Setiowati and Putri, 2012).

According to Hassan et al.'s (2015) research, customer satisfaction is essential for the Malaysian courier service industry because it directly affects customer retention and company profitability. The research identified that crucial factors influencing customer satisfaction in the courier service industry include service quality, dependability and responsiveness. Akbar and Parvez (2019) highlighted those various variables, such as delivery speed, dependability, accuracy, responsiveness and communication, play a role in shaping customer satisfaction within the courier service sector. These factors are important in determining the extent of customer satisfaction, with delivery speed and reliability identified as the two most critical elements influencing customer satisfaction in the courier service industry (Akbar and Parvez, 2019).

Amran et al. (2018) reported similar results, indicating that in the courier service industry, accuracy and on-time delivery were the two most important factors that affected customers satisfaction. The survey also highlighted how important it is to provide outstanding customer service, which involves responsiveness and communication, to fulfil consumer needs.

In an independent investigation led by Raza et al. (2017), it was found that consumer satisfaction was primarily influenced by the dependability of the courier service provider and the quality of the service. The research underscored the importance of convenience and flexibility in courier service delivery, identifying them as crucial factors influencing customer satisfaction. Additionally, Harun et al. (2018) found that the overall customer experience, encompassing elements such as usability, reliability and responsiveness, significantly contributed to satisfaction in the courier service industry. The study also revealed that customer perceptions of the reputation and reliability of the courier service provider played a substantial role in determining satisfaction.

Customers evaluate their satisfaction with a product or service based on their expectations and experiences (Oliver, 1981). In the courier service sector, various factors, including reliability, speed, security and communication, influence customer satisfaction (Ndubisi & Chan, 2005). Among these factors, reliability stands out as the most crucial element determining customer satisfaction, emphasizing a courier service company's capability to deliver products accurately and on time. Timely meeting of customer expectations is essential to prevent dissatisfaction (Ndubisi & Chan, 2005).

Besides reliability, speed is a vital element influencing the satisfaction of young consumers in the courier service sector. Rapid delivery is particularly valued by young customers who prioritize efficiency and convenience (Zhang et al., 2019). In the courier service industry of China, fast delivery plays a crucial role in shaping the levels of customer satisfaction among the youth. This finding aligns with prior research (Ndubisi & Chan, 2005; Oliver, 1981), underscoring the significance of timely delivery in consumer satisfaction.

Ibrahim et al. (2018) conducted another study to examine the elements, such as service quality, delivery speed and cost that influence customer satisfaction in the Malaysian

courier service business. According to the study, among young consumers, service quality had the greatest impact on their level of customer satisfaction.

Another essential element affecting the satisfaction of young consumers in the courier service industry is the aspect of security. Security refers to the assurance that shipments will be delivered safely without damage or theft (Ndubisi & Chan, 2005). Security was one of the crucial elements that determined customer satisfaction in the Korean courier service business, as per study by Hwang and Jung (2016). According to the report, young customers are very worried about the protection of their belongings and are prepared to pay more for courier services that offer high levels of security.

Additionally, Zulhuda et al.'s (2019) study looked at how technology might improve customer satisfaction in the Malaysian courier service sector. According to the study, using technology to provide more convenience and transparency, including real-time tracking systems and mobile applications can increase consumer satisfaction.

Customer satisfaction within the courier service industry is significantly impacted by effective communication. As indicated by Ndubisi and Chan (2005), the interaction between the courier service provider and the customer holds immense importance in delivering information about the delivery's status. Timely updates on the delivery's status, including tracking details, are highly appreciated by young consumers, offering them reassurance and confidence in the progress of their shipments (Hwang & Jung, 2016). In a study conducted by Nawi et al. (2020) examining the relationship between customer satisfaction and brand loyalty in the Malaysian courier service industry, it was found that customer satisfaction substantially influences brand loyalty among young consumers.

For businesses, making assumptions about customer needs is a risky approach. Instead, employing methods like customer surveys, focus groups and polls is essential to genuinely grasp customer desires. These strategies offer businesses a comprehensive understanding of customer expectations, empowering them to tailor their products and services accordingly. Consequently, service quality assumes a pivotal role in fostering customer satisfaction. The responsibility lies with the brand to maximize customer satisfaction, and polite communication is crucial in providing information or a platform for customers to express their views when necessary (Chen, Waseem, Xia, Tran, & Yao, 2021). A highly satisfied customer leads to lower attrition rates, higher retention and an enhanced company reputation. Service quality and customer satisfaction are distinct concepts, with the former being the cause and the latter the effect. Therefore, delivering excellent customer service is the cause that results in customer satisfaction.

Hossain et al. conducted a study in 2021 to explore the influence of perceived value and service quality on customer satisfaction in the Malaysian courier service industry. The findings revealed that both perceived value and service quality significantly impact the levels of customer satisfaction among young consumers.

Evaluating customer satisfaction among young consumers in the Malaysian courier service sector is crucial for retaining their loyalty and sustaining a competitive edge. Factors such as reliability, speed, security and communication play pivotal roles in influencing customer satisfaction. Research indicates that reliability and speed are key determinants of customer satisfaction. Additionally, security is highly valued by young consumers, and providing real-time updates on delivery status is essential for ensuring customer satisfaction.

Young customers' levels of satisfaction in Malaysia's courier service sector are affected by a number of variables, including delivery speed, dependability, accuracy,

responsiveness, communication, convenience, flexibility, customer experience, reputation and trustworthiness. To guarantee customer satisfaction and loyalty, courier service providers must make sure their high-quality service fulfils the expectations of their customers.

2.5 Customer Loyalty

Customer loyalty can serve as a catalyst for companies, inspiring them to deliver excellent service to their customers and fostering long-term growth (Zaid et al., 2021). It can be characterized as the enduring relationship established by service providers with their customers, which is based on exceptional experiences. These experiences can stem from the quality of the product or service, pricing, and emotional bonds with customers.

When customers exhibit trust, commitment, and satisfaction towards their service experiences, it is a sign of customer loyalty (Basbeth, 2021). Loyalty is also perceived as the inclination of existing customers to repurchase and endorse those brands or companies to their family, friends, and even on social media.

Zaid et al. (2021) have also noted that companies typically expect to have loyal customers for sustained business success. Companies may achieve higher customer loyalty by providing superior service quality (Priyo, Mohamad & Adetunji, 2019). Moreover, positive customer reactions to the service provided by employees in the courier service can enhance customer satisfaction.

Loyal customers can be beneficial to companies as they are already acquainted with the service/product and can also help reduce marketing costs (Pratama, Fahrezey & Lesmini, 2020). However, Feng, Chen & Shen (2019) have pointed out that companies need to

enhance the customer experience in the future, given the numerous challenges in the service industry, even though customer loyalty has seen some improvement.

The determination of customer loyalty is contingent on various factors. Existing literature indicates that influencers of customer loyalty encompass elements such as customer satisfaction (Yang and Peterson, 2004; Pratminingsih et al., 2013; Juan and Yan, 2009), relational norms, and relationship quality (Abdul Rahman et al., 2016), psychological commitment (Tachis and Tzetzis, 2015), trust, functional service quality (Auruskeviciene et al., 2010), image (Calisir et al., 2016), customer perceived value (Javed and Cheema, n.d.; Yang and Peterson, 2004), customer commitment (Auruskeviciene et al., 2010; Pratminingsih et al., 2013), qualitative and emotional value (García-Salirrosas et al., 2022).

Numerous studies have confirmed a strong positive association between customer satisfaction and loyalty (El-Adly, 2019; Minta, 2018; Sugiati, 2017; Chiu et al., 2011; Lai, Griffin, Babin, 2009; Fornell et al., 1996).

As stated by Makanyeza (2014), a company can benefit much from achieving strong and enduring customer relationships. According to Odin et al. (2001), loyalty represents the need for care, support and emotional ties among people. Customer loyalty is not determined by random purchases; rather, it is established over time through several transactions and is determined by purposeful procurement and design decisions (Khadka & Maharjan, 2017; Leninkumar, 2017). The likelihood of loyal customers supporting the business and making repeat purchases is high.

Kim et al. (2003) and Reichheld et al. (2000) posit that the cost associated with establishing an online platform is the primary distinction between fostering traditional and contemporary customer loyalty. Gamboa and Goncalves (2014) suggest that companies can

cultivate a strong bond with their customer base through marketing activities, resulting in strong loyalty.

Customer loyalty is characterized as a steadfast commitment to a long-term partnership between consumers and a brand or product, with loyal customers making frequent purchases. Loyalty is often depicted as a sustained commitment and a positive relationship between consumers and producers, as indicated by several studies (Cheng et al., 2019; Khoa, 2020; Pandey et al., 2020; Wu et al., 2019).

Frequently, customer loyalty is founded on favourable customer experiences with a product, influenced by factors such as quality, price and service that forge emotional ties with customers (Nastasoiu & Vandenbosch, 2018; Bricci et al., 2015). Both behavioural and attitudinal measures are employed to determine customer loyalty. Behavioural measures encompass repeat purchases, positive word-of-mouth, and continued preference for the same product or service, while attitudinal measures include the intention to repurchase, willingness to recommend the product or service to others, and resistance to competition (Otsetova, 2017).

Ishaq (2012) suggests that consumers are inclined to hold favourable opinions about the service provider and remain loyal if they have positive perceptions of the services they utilize. Customer loyalty is shaped by positive sentiments toward the company and its offerings, and it can be gauged through metrics like average repurchases, purchase frequency and market share (Zeithaml, Valarie, & Bitner, 2013). This aligns with other studies indicating that satisfied customers are more likely to become repeat patrons in the hotel industry (Cheng & Rashid, 2013; Cheng et al., 2014).

Given the paramount importance of customer loyalty in the contemporary business landscape, marketing efforts have been extensively directed toward this subject (Wu and Ai, 2016). Customer loyalty is viewed as a long-term asset and a pivotal business outcome, contributing significantly to the establishment of enduring economic benefits (Kandampully et al., 2015; Ali et al., 2016; Kim et al., 2016). It is considered crucial for businesses, as it plays a substantial role in securing long-term economic rewards (Wu and Ai, 2016). According to Kandampully et al. (2015), marketers are motivated to cultivate a loyal customer base as it is integral to the success of their companies in the marketplace. In oversaturated markets, retaining existing consumers requires a renewed focus on customer loyalty (Kim et al., 2016).

For service providers in highly competitive industries, having devoted customers is paramount (Ali et al., 2016; El-Adly and Eid, 2016; Wu and Ai, 2016), as these customers often recommend additional clients to their preferred service providers (Kim et al., 2016). Customer loyalty, as asserted by Murali et al. (2016), brings about numerous advantageous financial implications, including pricing premiums (Kim et al., 2016), cost savings and increased sales revenue. The significance of research on customer loyalty is growing, especially for international organizations (Haryanto et al., 2016).

Marketing scholars have explored customer loyalty from various perspectives, considering a range of variables (Cassidy and Wymer, El-Adly and Eid, Jiang and Zhang, Rubio et al., Campón-Cerro et al., 2016). However, limited attention has been given to alternative perspectives, such as understanding customer loyalty through cultural and religious factors.

According to Jiang and Zhang (2016), many businesses perceive customer loyalty as an intangible asset. The conceptualization of customer loyalty has varied among marketing

academics (Ali et al., 2016), and definitions have been adapted based on the goals and conditions of specific studies.

Casidy and Wymer (2016) define customer loyalty as "one's feelings of devoted attachment to the loyalty object, rather than repeated commercial transactions." Thakur (2016) posits that attitude loyalty refers to a customer's desire to continue doing business with a specific provider by making more purchases from them in the market. Oliver (1996) defines customer loyalty as "a deeply held commitment to buy or re-patronize a preferred product/service despite situational variables and marketing initiatives having the ability to prompt switching behaviour." Many marketing researchers have embraced Oliver's definition of customer loyalty (Haryanto et al., 2016).

Customer loyalty is an alignment of elements of behaviour, attitude or both that consistently supports or benefits one organization in comparison to its rivals (Krishnan, 2020). The provision of pleasant service, effect on influence, preference and warmth are components of attitude loyalty. An action that demonstrates behavioural loyalty is a repeated and motivated buying. Purchases, repeat purchases, plans to make additional purchases, retention and returns are examples of this behavioural loyalty (Watson at. al., 2015).

In the fiercely competitive courier service market, customer loyalty is indispensable for the survival of companies. Given the myriad of choices available to customers, retaining their loyalty and attracting new ones is of paramount importance for courier companies. Customer loyalty and satisfaction are intertwined, prompting service providers to go the extra mile in providing additional benefits to their patrons. Supported by a study from Diab et al. (2016), which highlighted the significant influence of customer satisfaction on loyalty, demonstrating that contented customers are more likely to refer and repurchase courier services, this finding is underscored.

Two primary categories of loyal customers exist for businesses: active and passive loyalty (Kandampully et al., 2015). While both types of loyalty are noteworthy, the increasing use of the internet and social media platforms has elevated the significance of active loyalty in the contemporary landscape (Kandampully et al., 2015). Nowadays, consumers heavily rely on online reviews and electronic word of mouth (E-WOM) to inform their decisions regarding the businesses and products they choose to engage with. In this context, actively engaged customers are encouraged to share their evaluations and opinions of their shopping experiences with the wider public.

Jiang and Zhang (2016) assert that various enterprises can gain a competitive advantage through customer loyalty. However, maintaining customer loyalty is perceived as a challenging issue, especially for well-established businesses, particularly in competitive sectors (Nyadzayo and Khajehzadeh, 2016). The nature of the business, the types of customers, or their objectives may influence the variables that determine customer satisfaction and loyalty. For example, Jiang and Zhang (2016) suggest that academics and experts should consider the distinctions between leisure and business travellers' preferences and beliefs when examining the factors affecting customer satisfaction and loyalty. According to Murali et al. (2016), companies must consistently assess the satisfaction, loyalty, and word-of-mouth (WOM) of their customers. To retain customers loyal to their firms, marketing experts would eventually implement appropriate marketing techniques and approaches (Zhang et al., 2016). For a variety of enterprises in the market, customer loyalty is considered one of the most crucial indicators of success (Nyadzayo and Khajehzadeh, 2016).

Word-of-mouth (WOM), purchase intentions and price sensitivity are just a few examples of the behavioural loyalty dimensions that are used in many studies on customer

loyalty to assess loyalty. WOM can take the shape of electronic (eWOM) or face-to-face (fWOM) communication, such as that found on social media platforms like Facebook, Twitter, and WhatsApp (Watson at al., 2015). These criteria are most frequently used to evaluate loyalty to customers, according to Krishnan (2020). Because behavioural intentions are only predictions and real loyalty behaviour is not, customer loyalty must also be evaluated by actual purchasing behaviour. Customers' perceived worth, satisfaction, trust and commitment are thought to be attitudinal factors that precede their loyalty (Asgarpur at al., 2013). The sharing of events, positive remarks, and referrals are all examples of word-of-mouth marketing.

2.6 Interrelation between Customer Satisfaction and Customer Loyalty

Oliver (1999), Chang et al. (2009), Curtis et al. (2011) and other researchers have found an almost intuitive correlation between customer satisfaction and loyalty. Marketing researchers must understand customer satisfaction before they can understand consumer loyalty behaviour (Fraering and Minor, 2013). Customer satisfaction, according to previous studies (Dehghan et al. 2014; Kasiri et al. 2017), had the biggest impact on customer loyalty. For this reason, professionals should always start by focusing on customer satisfaction as an important part of creating satisfied customers.

According to Arianto (2016), in an automotive industry study focused on Suzuki, it was revealed that customer satisfaction, trust and feedback exert a positive and significant influence on customer loyalty. Similarly, Chiguvi and Gurowo (2015) conducted research in the banking sector, establishing that customer satisfaction has a positive and significant impact on customer loyalty.

Various studies consistently demonstrate that customer satisfaction plays a pivotal role in influencing customer loyalty, indicating that contented customers are more likely to

recommend and repurchase services from a given establishment. Hussain (2016) explored the relationship between service quality, value, image, satisfaction and loyalty among 253 airline passengers. The findings underscore the importance of service quality as a factor that positively shapes behavioural intentions through customer satisfaction and loyalty.

Based on a satisfying customer experience during the purchase process, businesses could easily convert satisfied customers into loyal customers (Dehghan et al. 2014). On the contrary, dissatisfied customers have the potential to disrupt their preferences and influence their acquaintances to change their choices as well (Amin et al., 2013; Swimberghe et al., 2009). In cases where customers are not fully satisfied, they may opt to switch to an alternative service provider (Gemme, 1997). Customers dissatisfied with a company's product or service may choose to express their grievances directly to the company or explore various other accessible avenues, such as the media, government bodies, associations, or consumer protection organizations (Swimberghe et al., 2009). This underscores the notion that the development and enhancement of customer loyalty hinge significantly on the level of satisfaction encountered.

Customer satisfaction and loyalty have a consistent link, according to Bowen and Chen (2001). Consequently, changing the satisfaction index of a unit will affect the rate of increase in customer loyalty. Thus, having extremely satisfied customers is essential for marketers. There is also an intriguing discussion about this relationship (Izogo and Ogba, 2015). Contrary to what is now written about marketing, Kwak et al. (2012) revealed that consumer satisfaction did not immediately affect their loyalty. Marketers and academicians are aware that there is an asymmetric relationship between customer loyalty and satisfaction, with loyal customers often satisfied but not always satisfied (Oliver, 1999). Unfortunately, even satisfied or trusting customers may not stay loyal to their vendors (Fraering and Minor,

2013; Moreira and Silva, 2015). Therefore, it is advised that leading companies focus on retaining and growing their existing, dedicated customers who are already utilizing their products and services (Fraering and Minor, 2013).

The degree of customer satisfaction with the products and services they receive plays a crucial role in determining whether they will continue their association with their existing service provider (Amin et al., 2013). Customers who are satisfied frequently develop a sense of loyalty (Izogo and Ogba, 2015). However, there are some cases where dissatisfied customers suddenly decide to continue with a brand (Izogo and Ogba, 2015) or satisfied ones decide not to make any more purchases. As a result, for a product or service to be regarded as influencing a customer's loyalty, it must consistently result in customer satisfaction (Oliver, 1999). According to Kursunluoglu (2014), customer satisfaction can eventually translate into loyalty as it has a beneficial effect on both sides. Practitioners must offer products that are both attractive and beautiful to attract consumers and ultimately build loyalty (Amin et al., 2013).

Loyalty and satisfaction are two distinct concepts. Loyalty is a sign of a customer's steadfast preference, whereas satisfaction is the fulfilment of their requirements (Oliver, 1999). Izogo and Ogba (2015), however, suggested that Nigerian customers who were satisfied would undoubtedly stay loyal. Their studies demonstrate that it is ineffective to consider loyalty and satisfaction as separate constructs. This finding is different from those of earlier studies, most likely as a consequence of the respondents' varied cultural backgrounds. Oliver (1999) argues that satisfaction is a contributing factor to customer loyalty. However, it is important to note that concentrating solely on enhancing customer satisfaction does not guarantee their loyalty (Dagger and David, 2012; Taylor et al., 2004).

2.7 Literature Gap

The existing literature gap indicates that numerous scholars have utilized the SERVQUAL model in their investigations. For instance, Restuputri et al. (2021) explored how customer trust moderates the relationship between service quality and customer satisfaction and loyalty. Additionally, they examined the effects of the COVID-19 pandemic on customer satisfaction and loyalty in the courier industry. Zulazmi (2021) conducted a comparative analysis of different courier service providers in Malaysia, considering factors such as service quality, customer satisfaction and loyalty. Hamidin and Hendrayati (2021), studied the influence of customer demographics, including age, gender, income and education, on customer satisfaction and loyalty in the home delivery sector. Siti and Siti (2020) delved into the role of customer feedback and social media in enhancing service quality and fostering customer satisfaction and loyalty in the courier industry.

Existing literature extensively examines the correlation between service quality dimensions and customer satisfaction within the service industry, as evidenced by studies conducted by Siew et al. (2011), Saghier and Nathan (2013), Yao et al. (2014), and Yulisetiarini (2014). However, there has been limited research specifically focused on the context of courier services in Malaysia, particularly with perceived value as a moderator. In other words, the empirical testing of the effects of the five service quality dimensions among young consumers in the courier services industry remains unexplored, highlighting a research gap in understanding the relationship between service quality and customer satisfaction and loyalty within the Malaysian courier services context.

Examining the elements that impact contentment and allegiance within this specific demographic could contribute to bridging this research gap. While service quality (SERVQUAL) is a well-studied concept, there may be a lack of research on service quality

dimensions specifically tailored to the courier service industry in Malaysia. Identifying and evaluating the dimensions that are most relevant to young consumers can help measure their satisfaction and loyalty accurately.

While the importance of customer engagement in fostering loyalty is acknowledged, there may be a scarcity of research on the correlation between customer engagement, satisfaction and loyalty within the realm of the courier industry among young Malaysian consumers. Exploring the impact of customer retention initiatives, including personalized communications, social media engagements and loyalty programs, on satisfaction and loyalty among young consumers is a crucial aspect of consumer engagement within the courier industry. This investigation can contribute to a more profound comprehension of consumer behaviour in this context.

This research seeks to explore the moderating influence of perceived value on customer satisfaction within the framework of SERVQUAL dimensions and how it contributes to customer loyalty. This area has been less investigated, and the study aims to provide a deeper understanding of these dynamics.

2.7.1 Proposed Research Framework

The proposed conceptual framework, illustrated in Figure 2.1 and informed by the literature review, utilizes the five SERVQUAL model dimensions - reliability, assurance, tangibles, empathy and responsiveness as independent variables. These independent variables influence customer satisfaction and customer loyalty through their effects on the moderator variable, and that is perceived value.

The SERVQUAL, functioning as an independent variable, measures service quality through dimensions such as reliability, responsiveness, assurance, empathy and tangibles.

These dimensions, serving as independent variables in this study, are influential factors that can impact customer satisfaction, subsequently affecting customer loyalty.

While much of the research on courier services has centre around assessing service quality or customer satisfaction using a slightly modified SERVQUAL method tailored to the express/courier context, trust has emerged as a critical factor. Yee and Daud (2011) demonstrated that customer satisfaction is influenced by assurance, which encompasses employee knowledge, courtesy, and the ability to instil trust and confidence. Additionally, Ho et al. (2012) found that overall customer satisfaction can be impacted by trustworthiness and the quality of information, aiding customers in making informed decisions.

Customer satisfaction is the primary dependent variable in this framework. The connection between service quality and customer satisfaction is anticipated to be moderated by perceived value. Acting as a mediator variable, customer satisfaction measures the degree to which customers perceive the received service as meeting their expectations and needs. It is influenced by the SERVQUAL dimensions and acts as a link connecting the independent variable (SERVQUAL) and the dependent variable (customer loyalty).

Perceived value assumes the role of a moderator in this framework, representing the customer's subjective assessment of the benefits derived from the services relative to the costs or sacrifices made. Influenced by customer satisfaction, perceived value acts as a link between customer satisfaction and customer loyalty. It is expected that higher perceived value will positively impact customer loyalty.

Customer loyalty, as the ultimate dependent variable, signifies the customer's intention or willingness to persistently acquire products or services from the same courier

service provider. It is influenced by both customer satisfaction and perceived value, which are moderated by the SERVQUAL dimensions.

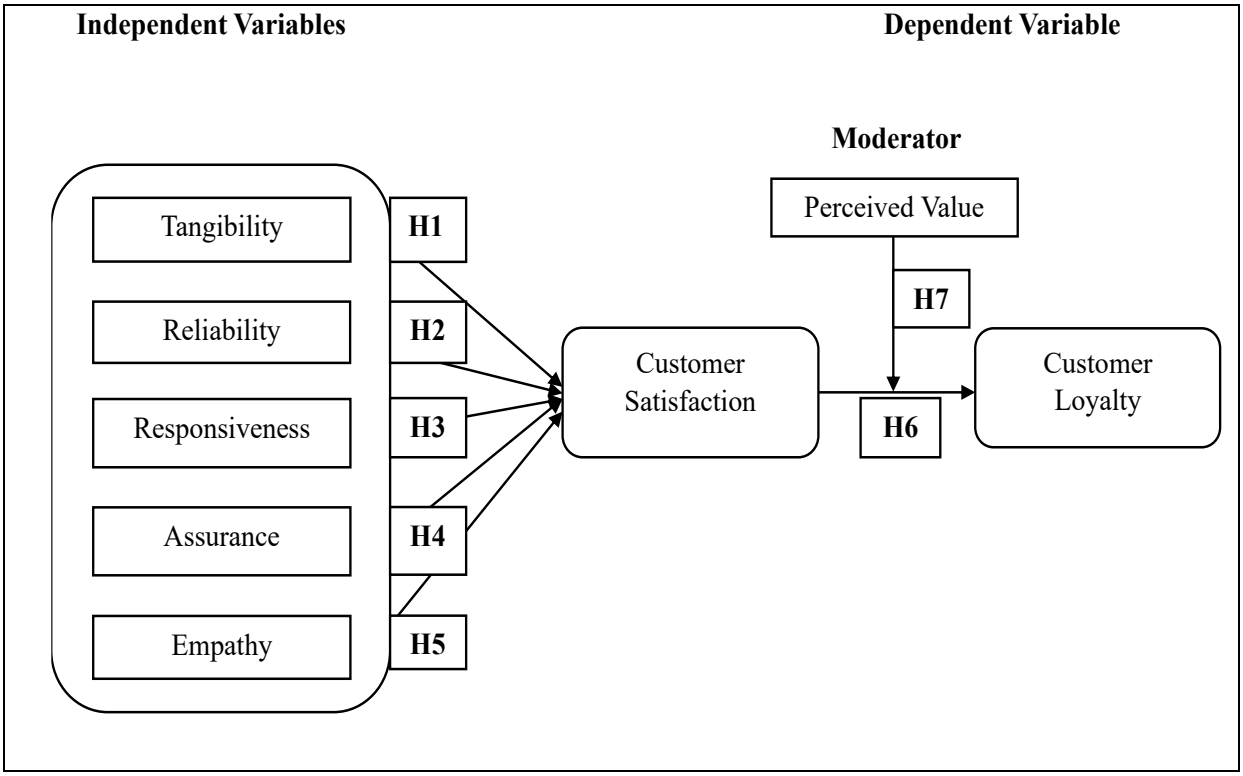

Figure 2.1: Proposed research framework

2.7.2 Justification of the Proposed Research Framework

Constructing a conceptual framework is a pivotal phase in any research endeavour, as it establishes a coherent and systematic outline for testing research hypotheses. In the envisioned framework, five autonomous variables - tangibility, reliability, responsiveness, assurance and empathy are anticipated to exert an impact on both customer satisfaction and customer loyalty, with perceived value assuming the role of a moderator. These autonomous variables are derived from the extensively validated SERVQUAL model, recognized in the literature as a dependable variable of service quality. By integrating these variables into a conceptual framework, the objective of this study is to foster a comprehensive

comprehension of the elements influencing customer satisfaction and loyalty within the realm of parcel delivery services.

The SERVQUAL model, developed by Parasuraman, Zeithaml, and Berry in 1985 and 1988, is a widely utilized tool for assessing service quality. The model operates on the premise that service quality is the disparity between customer expectations and their perception of the service received. It looks at service quality across five dimensions: Tangibility (pertaining to physical facilities, equipment, and the appearance of staff), Reliability (the capability to consistently and accurately deliver promised performance), Responsiveness (the eagerness to assist customers and provide prompt service), Assurance (including the knowledge, courtesy and competence of staff, instilling trust) and Empathy (demonstrating a caring and individualized approach to customers). By evaluating these dimensions, the SERVQUAL model offers a comprehensive evaluation of service quality, aiding organizations in identifying areas for enhancement.

In the proposed research framework, perceived value is incorporated as a moderator. A moderator is a variable that influences the strength or direction of the relationship between independent and dependent variables. In this context, perceived value has the potential to impact the relationship between the dependent variables that is customer satisfaction and customer loyalty.

Perceived value involves the customer's evaluation of the benefits gained in comparison to the costs incurred and can also influence the connection between service quality and customer satisfaction and loyalty. Customers perceiving a high level of value from a service may be more inclined to exhibit satisfaction and loyalty, even in the presence of service quality shortcomings.

By incorporating this moderator into the research framework, the aim of this study is to enhance comprehension of the factors impacting customer satisfaction and loyalty in the courier service industry.

The conceptual framework, comprising seven hypotheses derived from the independent variables, is constructed to assess customer satisfaction and loyalty, particularly among young consumers. The framework seeks to provide a comprehensive and integrated insight into the determinants influencing these outcomes, explaining the specific relationships between independent and dependent variables. Through the testing of these hypotheses, the study has the potential to furnish valuable insights into how organizations can enhance their performance by addressing weaknesses and focusing on factors associated with customer satisfaction and loyalty. In essence, this framework serves as a valuable tool for formulating and evaluating research hypotheses pertaining to customer satisfaction and loyalty in organizational contexts.

2.7.3 Description of Variables

The framework as shown in Figure 2.1 consists of two main constructs, namely, independent and dependent variables. The independent variables consist of SERVQUAL five dimensions, namely tangibility, reliability, responsiveness, assurance and empathy. These components are discussed thoroughly in section 2.2 to section 2.3 respectively. On the other hand, the dependent variables are divided into two dimensions, namely customer satisfaction and customer loyalty and these variables are discussed in section 2.4 to section 2.6. Perceived value as moderator was discussed in section 2.3.1.

Tangibility, within the paradigm of service quality, refers to the physical evidence and facilities offered by a service provider, which can be perceived by customers.

Operationalized, tangibility encompasses the tangible aspects of the service encounter, such as the physical environment, facilities, and equipment provided by the service provider (Rajabi, Sharifpour, & Kavoosi, 2021).

Reliability epitomizes the consistency and dependability of service delivery over time and across different service encounters. Operationally, reliability entails the extent to which a service provider fulfills its promises and commitments to customers consistently (Akbar & Tzokas, 2020). This encompasses factors such as the service provider's ability to deliver services accurately, on time, and as promised, fostering a sense of trust and confidence among customers.

Responsiveness encapsulates the readiness and promptness of a service provider in addressing customer needs, queries, and concerns. Operationally, responsiveness is operationalized as the speed and willingness of the service provider to provide assistance and solutions to customer inquiries and issues (Ding & Zhang, 2020). Prompt responses to customer queries and swift resolution of problems contribute to enhanced customer perceptions of service quality and satisfaction.

Assurance pertains to the competence, credibility, and reliability of service personnel and their ability to instil trust and confidence in customers. Operationally, assurance is defined as the knowledge, courtesy, and professionalism exhibited by service providers in their interactions with customers (Liang, Wu, & Yen, 2022). This includes factors such as the expertise of service personnel, their ability to convey trust and reliability, and their effective communication skills.

Empathy denotes the ability of service providers to understand and address the individual needs, preferences, and concerns of customers with sincerity and compassion.

Operationally, empathy encompasses the degree to which service providers demonstrate understanding, attentiveness, and care towards customers' emotions and concerns (Pérez, Rodriguez, & Revilla, 2020). This involves actively listening to customers, showing empathy towards their unique circumstances, and tailoring services to meet their specific needs.

Customer Satisfaction in terms of operationalized are based on repeat purchases, rating scales measuring satisfaction levels, or other relevant metrics. Customer satisfaction represents the overall contentment or fulfilment experienced by customers after interacting with a product or service.

Perceived value is assessed by comparing the quality received to the price paid or overall perceived benefit. It reflects customers' subjective evaluation of what they gain from the product or service relative to its cost.

Customer Loyalty defined as a deeply held commitment to rebuy or patronize a preferred product or service consistently in the future. Customer loyalty encompasses both behavioural loyalty (actual repeat purchases) and attitudinal loyalty (positive intentions and recommendations).

2.8 Hypothesis Development

2.8.1 Tangibility and Customer Satisfaction

Tangibility refers to the attribute of being able to be touched or felt. A tangible product is a physical item, like machinery, equipment, or inventory. In Malaysia, the quality of courier service for such tangible products is evaluated based on various factors. These include the condition of the express service, the professionalism of the delivery staff, whether the item is properly wrapped, and the ability to track the delivery progress online.

This provides customers with an insight into the equipment used and the demeanour of the courier staff. Given that services are challenging for customers to evaluate prior to experiencing them, they often have no choice but to place their full trust in the provider (Al-Jazzazi & Sultan, 2017; Pakurár et al., 2019; Sanita & Mutuku, 2019). As stated by Ngaliman, Mika Giofani Eka, Suharto (2019), the quality of the tangibles provided by an organization directly impacts the quality of service delivered to the customer. Therefore, the more positive experiences a customer has with the tangible aspects and courier service provided, the higher their satisfaction and loyalty will be.

Industries, particularly those involved in courier services, play a pivotal role in the examination and application of service marketing, with tangibility being a fundamental principle (McDougall & Snetsinger, 1990). Tangible experiences encompass all the visual aspects of a service provider encountered by customers, including equipment, personnel, facilities, products and aesthetics (Shukri, Yajid, & Tham, 2020). These elements are critical as they contribute significantly to enhancing the overall reputation of the company. Therefore, the following hypothesis is proposed.

H1: Tangibility has positive effect on customer satisfaction.

Thus, this brings us to the next hypothesis as below.

2.8.2 Reliability and Customer Satisfaction

Parasuraman et al. (2020) underscored that the preparedness of staff to respond entails clearly outlining timelines to customers, providing undivided attention, promoting services, and responding to their requirements. The responsiveness facet of service quality in courier service is linked to the organization's readiness and ability to support customers and to offer timely service. The willingness of employees to provide the required service at

any moment without any inconvenience can have a substantial impact on customer satisfaction and loyalty.

According to Kuo et al. (2018), responsiveness is the consciousness and eagerness to help customers and deliver services swiftly. Responsiveness is the willingness, reaction, or vigilance of employees in aiding customers and offering quick and responsive services (Ahmad & Sungip, 2021). As per Kara et al., (2018), responsiveness is the ability of service providers to assist and deliver fast and appropriate services to consumers with clear delivery. Responsiveness can be used as a measure to assess a company's dependability. Responsiveness is primarily about how service firms engage with customers through their staff. Personal attention can enhance customer satisfaction, and so can the attention employees give to the challenges customers encounter; when this happens, a profound change in their satisfaction takes place.

In the realm of courier services, reliability pertains to the consistent fulfilment of service commitments to customers. This encompasses timely delivery, effective problem resolution, ensuring the integrity of goods and achieving accuracy in the initial delivery attempt. This facet is pivotal for service quality, as customers are inclined to prefer companies that fulfilled their promises. Reliability, covering aspects such as billing, quotes, record accuracy and a commitment to order fulfilment, plays a crucial role in determining the effectiveness of a courier service company. Therefore, the following hypothesis is proposed.

H2: Reliability has positive effect on customer satisfaction.

Thus, this brings us to the next hypothesis as below.

2.8.3 Responsiveness and Customer Satisfaction

Parasuraman et al. (2020) emphasized that the readiness of employees to respond involves clearly communicating timelines to customers, giving them full attention, endorsing services, and reacting to their needs. The responsiveness aspect of service quality in courier service is tied to the organization's eagerness and capability to assist customers and to deliver prompt service with appropriate timing. The readiness of employees to deliver the necessary service at any time without any hassle can significantly influence customer satisfaction and loyalty. As per Kuo et al. (2018), responsiveness is the awareness and willingness to assist customers and deliver services promptly. Responsiveness is the eagerness, reaction, or alertness of employees in assisting customers and providing quick and responsive services (Ahmad & Sungip, 2021).

According to Kara et al., (2018), responsiveness is the capacity of service providers to assist and deliver quick and suitable services to consumers with clear delivery. Responsiveness can serve as a benchmark to evaluate a company's reliability. Responsiveness is primarily about how service firms interact with customers through their personnel. Individual attention can boost customer satisfaction, and so can the attention employees pay to the issues customers face; when this happens, a significant shift in their satisfaction occurs.

Additionally, responsiveness is linked to how staff members assist customers and promptly address their issues or challenges. It involves understanding, appreciating and assisting customers in achieving their significant personal objectives and needs (Reis & Clark, 2013). Another facet of responsiveness is the eagerness of employees to provide services, encompassing an understanding of customer requirements and expectations,

efficient operational time, individual attention from employees, problem-solving and ensuring customer safety (Rashid, Hamid, Said, & Musa, 2020). This reflects the team's ability to deliver services to customers efficiently and without delay, ensuring timely service delivery. The measure of responsiveness can be the time taken to provide a solution or response. Essentially, responsiveness revolves around delivering the information or product the customer needs as swiftly as possible. Therefore, it is imperative for courier companies to ensure that customers receive their services responsively, demonstrating a genuine interest in assisting the customer. Therefore, the following hypothesis is proposed.

H3: Responsiveness has positive effect on customer satisfaction.

Thus, this brings us to the next hypothesis as below.

2.8.4 Assurance and Customer Satisfaction

The assurance dimension revolves around establishing trust and credibility with customers. To earn the trust and credibility of customers, employees should possess skills such as technical knowledge, communication abilities, generosity, integrity, proficiency and expertise (Kobiruzzaman, 2021). Within the courier service context, the assurance dimension encompasses four elements: competence, courtesy, credibility and security.

Assurance is understood as the ability of employees to instill trust and confidence in customers. There are varying views among researchers regarding the importance of assurance in the hierarchy of service quality dimensions. To enhance customer service, companies need to establish high-quality standards (Alzoubi, Alshurideh, Kurdi, and Inairat, 2020). The assurance aspect of service quality reflects the competence, knowledge, and politeness of employees, and their capacity to foster trust with customers. Assurance is characterized as the expertise and courtesy exhibited by employees (Kant & Jaiswal, 2017).

Assurance involves the concept of positive declarations made by an organization to build trust (Kumar et al., 2010; Taap et al., 2011). Assurance holds substantial influence on service quality (SQ) and, consequently, customer satisfaction (Franklin, 2020; Ishfaq et al., 2020). The assurance factor encompasses the competence, professionalism and reliability of the courier service provider. A high level of security enhances customer confidence and contributes positively to overall service satisfaction (Parasuraman et al., 1988).

Building credibility and trust with customers is a critical aspect. Employees must possess technical knowledge, communication skills, generosity, integrity, proficiency and expertise to earn customer trust and credibility (Kobiruzzaman, 2021). The assurance dimension in the courier service includes four qualities: competence, courtesy, credibility and security.

H4: Assurance has positive effect on customer satisfaction.

Thus, this brings us to the next hypothesis as below.

2.8.5 Empathy and Customer Satisfaction

Researchers suggest that when consumers experience empathy, they deliberately diminish negative emotions like alienation and revenge while amplifying positive emotions such as tolerance and compassion, contributing to relationship repair (McCullough et al., 1998). Sun and Sun (2021) indicate that empathy serves as an intermediary in the impact of service recovery strategies on consumer forgiveness. However, further research is necessary to comprehend the influence of consumer empathy and tolerance on the service recovery of online shopping services.

Empathy is described as an emotional reaction that blurs the distinction between oneself and others, enabling individuals to immerse in others' emotions and share similar

experiences (Kang, 2020). Empathy is linked to the personalized attention and care provided by employees to address the diverse needs, wants and preferences of customers (Ramya et al., 2019). Experiences of empathy significantly shape attitudes towards the brand and its services (Escalas & Stern, 2003). The absence of empathy among employees may result in customer loss for the organization, emphasizing the importance of ensuring empathy is consistently present.

A study by Quan and Li (2021) underscores that factors such as brand trust and empathy exert a significant positive influence on consumer tolerance during service recovery. Moreover, consumer tolerance plays a pivotal mediating role in relationships involving attribution, severity, brand trust, brand intimacy, empathy and repurchase intent. Therefore, the following hypothesis is proposed.

H5: Empathy has positive effect on customer satisfaction.

Thus, this brings us to the next hypothesis as below.

2.8.6 Customer Satisfaction and Customer Loyalty

A study conducted in the express logistics industry highlighted that the quality of service plays a pivotal role in shaping customer satisfaction. Building on Oliver's (1980) theory, which underscores the significance of service quality in both transactional and cumulative contexts for customer satisfaction, Qiyuan (2022) found that service quality significantly influences customer satisfaction, with perceived quality emerging as a primary factor.

The connection between customer satisfaction and loyalty is characterized by a substantial positive correlation, as suggested by Oliver (1993). However, the relationship is not strictly linear. In an empirical analysis by Ming and Luming (2015), key factors

influencing customer loyalty were identified, including customers' expectations of quality, perceived quality, perceived value, corporate image and customer satisfaction. Zhiyan et al. (2021) employed perceived service quality and perceived service cost to explain perceived value, developing a structural equation model based on the Customer Satisfaction Index (CCSI) model. Their findings indicated that perceived service quality and perceived service cost exerted the most significant influence on customer satisfaction with logistics services, underscoring the noteworthy impact of brand image. Additionally, customer satisfaction emerged as a major driver of customer loyalty.

According to (Surahman et al., 2020), service quality and customer satisfaction play a significant role in shaping customer loyalty (as highlighted by Jamal et al., 2018). Considering that delivery service customers' needs are generally fulfilled, it's understandable that they report high satisfaction levels with the service provided. Hasrat et al. (2020) define quality as a combination of attributes that align with consumer criteria and needs. Consequently, elevated customer satisfaction often leads to repeat purchases and strengthened customer loyalty. Therefore, the following hypothesis is proposed.

H6: Customer Satisfaction has positive effect on customer loyalty.

Thus, this brings us to the next hypothesis as below.

2.8.7 Perceived Value Moderates the Relationship between Customer Satisfaction and Customer Loyalty

According to various studies by eBuzzell and Gale (1987), Zeithaml (1996), Bolton and Drew (1991), as well as Parasuraman et al. (1988, 1991), the pivotal factors contributing to business success include customer value, customer satisfaction and perceived service quality. Dodds and Monroe (1985) determined that perceived value exhibits a closer

association with customer purchase intent than perceived quality. Lim et al. (2006) established a positive correlation between the level of perceived service performance and the level of perceived value. Schiffman and Kanuk (2004) highlight the ultimate goal of providing customers with more effective value than competitors to retain satisfied customers. Fida, Ahmed, Al-Balushi, & Singh (2020) demonstrated that perceived value can act as a connecting link between perceived quality and customer satisfaction, underlining the substantial influence of reliability on businesses. Understanding customer expectations regarding reliability is therefore, crucial for businesses.

Research conducted by Cronin et al. (2000), Fornell et al. (1996), and Yang and Peterson (2004) has consistently shown that satisfaction serves as a robust predictor for customer loyalty. Gustafsson (2005) discovered that overall satisfaction strongly influences the intention of customers to remain loyal across various product and service categories. Anderson and Srinivasan (2003) found that satisfaction plays a pivotal role in sustaining long-term relationships between companies and customers. Based on the above literature, the following hypotheses were formulated.

H7: Perceived value as moderator has positive effect on the relationship between customer satisfaction and customer loyalty.

Table 2.2: Summary of Hypothesis

Research Questions	Research Objectives	Hypothesis
1. What is the most influencing factor of customer satisfaction in the context of courier service industry in Malaysia?	To assess the impact of SERVQUAL dimensions towards young customer satisfaction in courier service industry in Malaysia.	H1: Tangibility has positive effect on young customer satisfaction. H2: Reliability has positive effect on young customer satisfaction. H3: Responsiveness has positive effect on young customer satisfaction. H4: Assurance has positive effect on young customer satisfaction. H5: Empathy has a positive effect on young customer satisfaction.
2. To what extend does customer satisfaction influence customer loyalty?	To evaluate the relationship between customer satisfaction and customer loyalty among young consumers in Malaysia courier service business.	H6: Customer satisfaction has positive effect on customer loyalty.
3. Will perceived value moderate the relationship between customer satisfaction and customer loyalty among young consumers in Malaysia?	To examine the moderating impact of perceived value between customer satisfaction and customer loyalty.	H7: Perceived value as moderator has positive effect on the relationship between customer satisfaction and customer loyalty.

CHAPTER 3

METHODOLOGY

3.1 Introduction

This section outlines the research methodology employed in the study, encompassing the research design, sample selection and procedures. It explained the process of data collection, the formulation of research questionnaires and the establishment of measurements, along with detailing the pre-test procedure. Additionally, the choice of statistical analyses for the study is discussed and justified.

3.2 Research Design

The initial phase of the research process involves addressing the study's objectives, namely to assess the influence of SERVQUAL dimensions on customer satisfaction in the courier service industry in Malaysia, to scrutinize the association between customer satisfaction and customer loyalty among young consumers in Malaysia's courier service sector, and to investigate the moderating role of perceived value in the relationship between customer satisfaction and customer loyalty among young consumers in Malaysia. A comprehensive review of existing literature, encompassing journal papers, articles and websites, was conducted by the researcher to gain a thorough understanding of the topic. This review facilitated the identification of the research objectives, scope and overall goals.

The study employed a non-probability sampling method, specifically purposive sampling. This method involves selecting individuals who are highly representative of the population (Levy and Lemeshow, 2009) and who possess extensive knowledge or experience related to a specific topic (Cresswell and Plano Clark, 2011). The study focused

on young consumers in Malaysia, aged 18 to 35 years old, who had used courier delivery services within the past 12 months. The sampling process involved distributing a questionnaire through multiple cross-sectional designs via Google Forms on various social media platforms (Setia, 2016).

The study population refers to the group of individuals or elements that the researcher focuses on in their study. It is essential to define this group clearly to ensure the study's relevance and validity. In this study, the study population consists of young consumers aged 15 to 39 years old in Malaysia. According to the DOSM (Department of Statistics Malaysia) report from 2022, this population size is approximately 12,560,300.

The population for sampling and surveying should be determined after the study's goals have been established. This is done in order to create online questionnaires for gathering information from respondents. Online questionnaires are used as the data collection techniques used in this study. A pre-test study will be undertaken to ensure the questions are reliable and understandable in order to prevent any unintended random errors.

A survey approach was used to collect key primary data, which were analyzed to determine positive and negative research findings. The relevant procedures covered in this chapter include research design, survey instrument, developed survey questionnaires, sample selection, data collection processes, data analysis techniques, statistical analysis and measurements.

During data analysis, the collected data is compiled and interpreted to present the results in a more understandable manner. Quantitative data analysis is performed through reliability and validity testing. From this, a conclusion is drawn and recommendations for further improvement are made.

3.2.1 Types of Study

The researcher will employ an exploratory research design in this study to uncover new insights and clarify the precise nature of the problem or situation. This design is suitable for understanding the actual events that occur. The exploratory research design will enable the researcher to investigate the impact of independent variables on dependent variables. The rationale for selecting this design is to examine how the SERVQUAL dimensions (tangibility, reliability, assurance, empathy and responsiveness) influence customer satisfaction and customer loyalty through the mediator of perceived value. As stated by Quinlan et al. (2019), the exploratory research design is used to establish relationships between variables and to explain or highlight situations or problems between them.

According to Hill and Brierley (2017), the term "exploratory research" indicates that it is used to investigate new situations or phenomena under specific circumstances. The researcher is looking at overall courier service providers in the Malaysia market industry. Thus, the field of study needs to be explored further to see how the young consumers will measure their satisfaction level on the courier service providers and how it will lead them into customer loyalty via the moderator of perceived value.

3.2.2 Sampling Size

This study will use purposive or judgmental sampling to select respondents. Purposive sampling involves intentionally selecting participants based on specific characteristics, knowledge, experiences, or other criteria relevant to the study. It is a nonprobability sampling technique in which subjects are selected based on their ability to provide the required information (Kumar, Talib, & Ramayah, 2013). To be eligible for this study, respondents must meet four criteria: they must be between 18 and 35 years old, be

Malaysian and reside in Malaysia, have completed at least SPM level of education and have used courier services within the past 12 months.

According to Mohiuddin et al. (2018), sampling entails choosing a small sample size or a segment of a larger population to represent the complete population. The sampling strategy is essential for researchers to acquire precise data pertinent to their study objectives, taking into account variables like the right people, the right time and the right place.

The participants in this study consisted of young individuals (age 18 to 35 years old) who were Internet users and had previous experience with online purchases and have use various courier providers service for the past 12 months. These respondents were selected to represent various ethnic backgrounds, occupations, education levels and age groups, as long as they met the necessary criteria. The chosen sample comprised individuals who were educated, familiar with online shopping, and likely to engage in online shopping activities and requested for their purchase to be send using courier service.

As stated by Sekaran (2010), the sample size for this study was rather small. Roscoe (1975) claimed that sample sizes in the range of 30 to 500 were acceptable in the majority of research studies while (Sekaran, 2010), and Hair, Black, Babin, Anderson, and Tatham (2006) stated that a ratio of ten-to-one is an acceptable ratio to compute sample size.

The sample size refers to the number of individuals from a population needed to provide enough information to draw conclusions (Sekaran & Bougie, 2010). In this study, power analysis will be used to determine the sample size, as suggested by recent developments (Hair et al., 2018, 2017, 2019; Kline, 2016; Ringle et al., 2018; Uttley, 2019).

The target population refers to the specific group of individuals or entities that the researcher aims to investigate and gather relevant data from for her study. As defined by

Sekaran and Bougie (2016), "population" encompasses all individuals, events, or entities that the researcher seeks to gain a deeper understanding of. Rani (2014) emphasizes that age is a critical demographic factor influencing consumer buying behavior, leading to notable distinctions in consumer preferences and consumption habits. In this study, the focus is on young consumers aged 18 to 35 years old who have utilized the services of any courier provider within the past 12 months and currently reside in Malaysia. Given that these individuals are the respondents, a purposive sampling technique is considered appropriate.

A smaller sample is randomly chosen from a larger population using the probability sampling approach known as simple random sampling. Study is then conducted using this well-chosen sample, enabling generalizations about the greater population. Simple random sampling is one of the techniques and the ease and ability to adequately represent the characteristics of the larger population are two benefits of utilizing a simple random sample (Podcast Research, 2017).

The G*Power program will be used to perform the power analysis. The recommended settings by Ali Memon et al. (2020) will be used to find the recommended sample size. The test family chosen is “F tests” analysis, with “Linear multiple regression: fixed model, R2 deviation from zero” as the type of statistical test. The type of power analysis is set to “A-priori: Compute required sample size – given α, power and effect size”. The effect size is specified at 0.15 (medium effect) and α at 0.05. The recommended power value is 0.80, but for this study, considering the unit of analysis is individual, the researcher decided to use a power value of 0.95 with only 0.05 error probability. The number of predictors depends on the number of hypotheses in the study, which is 5. The simple rule is that the number of predictors refers to the maximum arrows pointing to the dependent variable in the model. As a result, the minimum sample size required for this study is 138 as

shown in the G*Power Calculation. However, in order to increase the validity and reliability of the data, 202 questionnaires were distributed and self-administered by the researcher and enumerators. Figure 3.1: G*Power Calculation shows the settings used to calculate the sample size for this study.

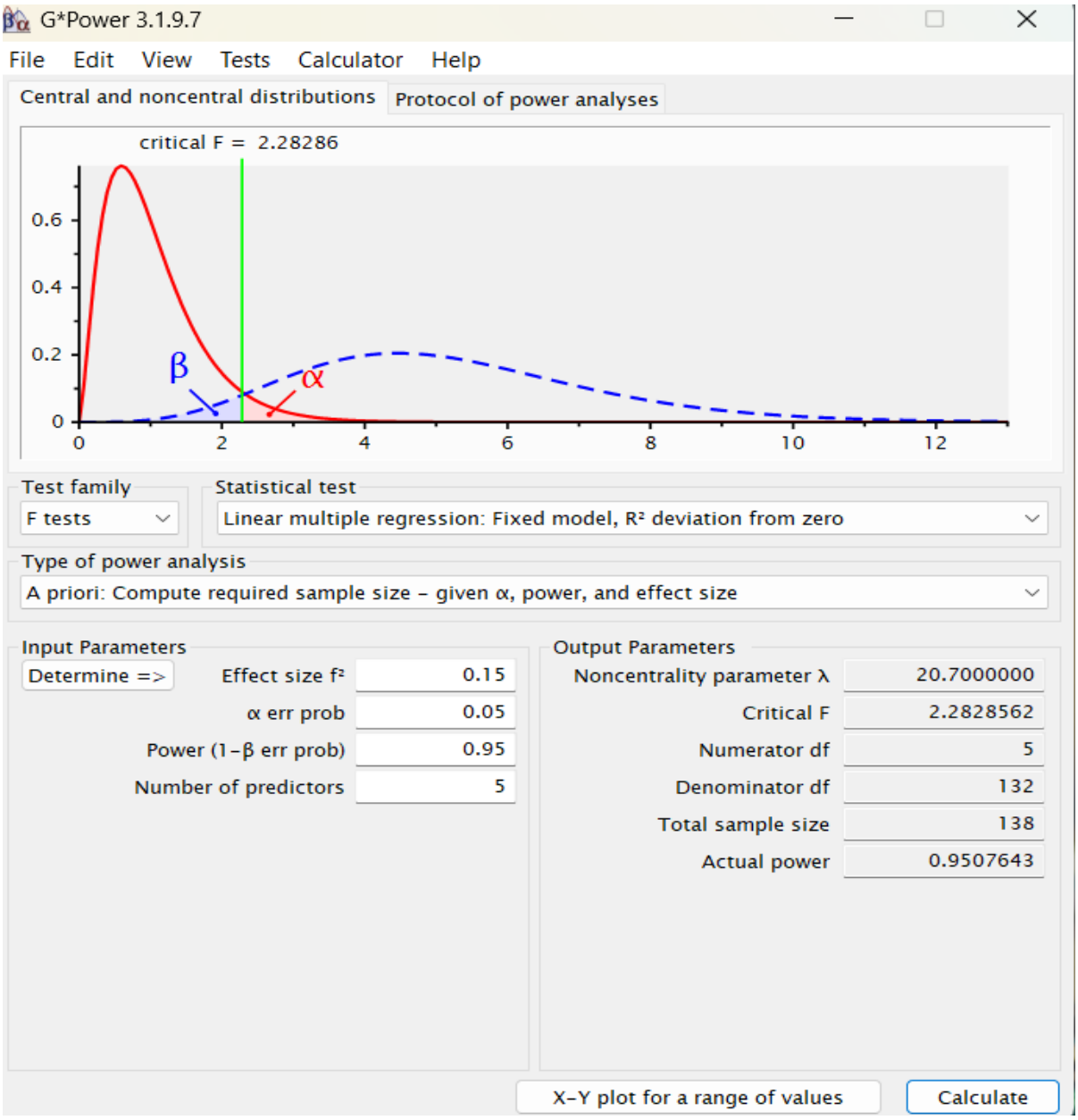

Figure 3.1: G*Power Calculation

3.2.3 Data Collection Procedure

This study will use a quantitative method to collect data, and a questionnaire survey will be used to gather information from young consumers aged 18 to 35 years old throughout Malaysia. The data was collected via social media platform such as Facebook, Messenger, WhatsApp, Instagram, etc., to directly collect data from respondents. Google Form was used to design the questionnaire with filtering that respondents must meet the requirements of must be a Malaysia citizen, must be adult from the age 18 to 35 years old and must have the experiences of using courier services for the past 12 months and the questionnaire will be automatically rejected if it does not fit it the requirement.

Respondents will have one month to complete the survey. The researcher will regularly monitor the response rate to ensure that the minimum sample size is achieved. If the response rate is low, a reminder will be sent to the target population. If the minimum sample size is not reached after one month, the survey will be extended for an additional two weeks before closing. Once the survey is closed, the data will be processed for analysis.

Method bias can significantly impact the validity and reliability of research findings. In this study, several steps were taken to identify and mitigate potential method biases, ensuring the accuracy and robustness of the results. The survey instruments were designed with clear and precise language to avoid any misunderstanding or misinterpretation of questions.

The survey was pretested with a small sample representative of the target population. Feedback from the pretest was used to refine the questions, enhancing clarity and reducing the potential for bias. The demographic profile shows a diverse sample in terms of gender, age, ethnicity, and current state of residence, which helps mitigate sampling bias. The survey

was administered consistently across all respondents, with clear instructions provided to ensure uniform understanding and responses. the internal consistency reliability of the constructs was assessed using Cronbach's alpha, with values ranging above 0.7 as suggested by Nunnally and Bernstein (1994) and Sekaran (2010), indicating good reliability.

Efforts were made to achieve a balanced representation of key demographic categories (e.g., gender, age groups, ethnicity, and state of residence). This demographic diversity helps to generalize the findings and reduce the risk of demographic bias. By implementing these steps, the study aims to minimize method bias and enhance the reliability and validity of the findings. These measures collectively help ensure that the conclusions drawn are robust and applicable to the broader population.

3.2.4 Primary Data

Primary data, as defined by Ajayi (2017), refers to information voluntarily collected by the researcher through methods such as surveys, observations, questionnaires and interviews. It constitutes precise, current and uninterpreted raw data without additional qualities or interpretations. The utilization of primary data provides advantages such as heightened accuracy, reliability and control over the data collection process. However, it is important to note that collecting raw primary data can be time-consuming, not cost-effective and challenging to manage. The timeframe for obtaining the desired data and receiving feedback may be uncertain, posing difficulties in evaluating research findings.

A questionnaire serves as a primary data collection method, involving the presentation of a series of written questions to a respondent who is expected to provide written answers. Respondents are provided with a list of questions and express their responses by selecting the option they find most appropriate.

For this study, primary data is collected using the online questionnaire tool provided by Google Forms. The quantitative study technique offers advantages such as a systematic process and the use of a formal questionnaire, facilitating the quantification and generalization of findings to a broader population. To ensure a quicker and more efficient data collection process, the questionnaire will be distributed online to a large number of participants.

3.2.5 Sampling Design and Sampling Elements

The researcher will examine the key stages within the sampling design that establish the target population, the sampling elements and the sampling techniques. Sampling offers various methods to minimize the amount of data required for a study by focusing on a specific subset rather than the entire population as a whole (Saunders et al., 2012). These methods can be classified into two categories: probability and non-probability, depending on whether the selection chances are known or unknown. In this study, the non-probability technique will be employed, whereby respondents will be conveniently selected based on accessibility. The selection of an appropriate sampling method plays a significant role in ensuring research accuracy and obtaining reliable results (Singh, 2018).

The sampling elements of the respondents in this study are young customers (from the age 18 to 35 years old) who have experienced using the courier provider's service within the past 12 months. The study's major topic, which focuses around customer service satisfaction and its effect on customer loyalty with perceived value as the moderator, is the basis for selecting these specific sampling components.

3.3 Development of Research Questionnaires

A questionnaire survey was created to collect data on the components of customer satisfaction that leads to customer loyalty among the young consumers that have used courier services for the past 12 months in Malaysia. The questionnaire is in English language and consists of close-ended questions with pre-determined scales or options to choose from for each question.

The questionnaire is based on the work of Oliver (1980) and Parasuraman, Zeithaml, and Berry (1988), who developed measures of customer satisfaction and service quality, respectively. The summary for these adopted questions for each section are shown in Table 3.1: Measurement of items, constructs and source of references.

There are total of 41 close-ended questions in the questionnaire and these questions are divided into their own dimension which produce nine different sections namely section 1 to section 9. Section 1 collected demographic information of the respondents. Section 2 to section 6 requires respondent to response on their perception of using courier service according to the SERVQUAL 5 dimensions and they are tangibility, reliability, responsiveness, assurance and empathy. Section 7 will discuss about customer satisfaction on using the courier service while section 8 will ask about customer loyalty in using the courier service providers. Finally, section 9 will ask the respondents about perceived value as moderator on the courier service. A total of 31 questions are distributed across section 2 to section 9.

3.4 Measures

In this study, a questionnaire comprising nine sections will be developed. Section 1 will gather demographic information from the respondents, along with other questions

related to their past experiences with courier services. Section 2 to 6 will focus on the independent variables, including tangibility, reliability, assurance, empathy and responsiveness. Customer satisfaction with the courier service will be assessed in Section 7 while customer loyalty towards using the same courier service will be evaluated in Section 8 and Section 9 will evaluate perceived value as moderator. All questions in Sections 2 to 9 will be answered using a 7-point Likert Scale provided. The perception scale was utilized to evaluate the variables, with each query being responded to using a seven-point scale devised by Rensis-Likert (Hair et al., 2010; Sekaran & Bougie, 2013; Zikmund et al., 2010). The scale was constructed from a set of descriptions for each of the seven points, which has been demonstrated to enhance respondent comprehension and increase the accuracy of the data collected (Krosnick & Presser, 2010). Sekaran & Bougie (2013) have stated that a seven-point Likert scale is as effective as any other scale.

3.4.1 Demographic variables

As shown in Table 3.1: Measurement of items, constructs and source of references, Section 1 of the questionnaire focuses on the respondent's demographic information, such as name, age, gender, state of residence, education level/background, and whether they have used courier services in the past 12 months. Respondents are informed that this information is for analysis purposes only. With this data, the researcher can easily summarize and explore the collected data and gain a better understanding of the characteristics of the respondents.

Table 3.1: Measurement of items, constructs and source of references

Section	Dimension	Number of items	Description	Sources	Rating Scale
1.	Demographic	10	1. Gender		
			2. Age		
			3. Ethnicity		
			4. State of residence		
			5.Highest level of Education		
			6. Marital status		
			7.Current occupation status		
			8. Monthly house hold income		
			9. Gross monthly expenses		
			10. Past experiences of using courier service for the last 12 months		
2.	Tangibility	4	T1. The physical facilities of the courier service company are visually appealing.	Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988)	1= Strongly disagree and 7= Strongly agree
			T2. The courier service has modern looking equipment.		
			T3. The appearance of the courier service's personnels is neat.		
			T4. The materials associated with courier service (such as pamphlets or statements) are visually appealing.		

3.	Reliability	5	R1. When the courier service promises to do something by a certain time, it does so.	Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988)	1= Strongly disagree and 7= Strongly agree
			R2. When a customer has a problem, the courier service shows a sincere interest in solving it.		
			R3. The courier service performs the service right the first time.		
			R4. The courier service provides its services at the time it promises to do so.		
			R5. The courier service keeps accurate records.		
4.	Responsiveness	4	Re1. The employees of the courier service tell customers exactly when services will be performed.	Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988)	1= Strongly disagree and 7= Strongly agree
			Re2. The employees of the courier service give prompt service to customers.		
			Re3. The employees of the courier service are always willing to help customers.		
			Re4. The employees of the courier service are never too busy to respond to customers' requests.		
5.	Assurance	4	A1. The behavior of the employees of the courier service instills confidence in customers.	Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988)	1= Strongly disagree and 7= Strongly agree
			A2. Customers feel safe in their transactions with the courier service.		
			A3. The employees of the courier service are consistently courteous with customers.		
			A4. The employees of the courier service have the knowledge to answer customers questions.		

6.	Empathy	5	E1. The courier service gives customers individual attention.	Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988)	1= Strongly disagree and 7= Strongly agree
			E2. The employees of the courier service deal with customers in caring fashion.		
			E3. The employees of the courier service have customer's best interest at heart.		
			E4. The employees of the courier service understand the specific needs of their customers.		
			E5. The operating hours of the courier service are convenient for all its customers.		
7.	Customer Satisfaction	3	CS1. Overall, how satisfied are you with the courier service?	Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988)	1= Extremely dissatisfied 7=Extremely satisfied
			CS2. How well did the courier service meet your expectations?		1 = Not at all, 7 = Exceeded expectations
			CS3. How likely are you to use this courier service again in the future?		1 = Extremely unlikely, 7 = Extremely likely
8.	Customer Loyalty	3	CL1. How likely are you to recommend this courier service to others?	Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988)	1 = Extremely unlikely, 7 = Extremely likely
			CL2. How likely are you to choose this courier service over other available options?		
			CL3. How committed are you to continuing to use this courier service in the future?		1 = Not at all committed, 7 = Extremely committed

9.	Perceived value	3	PV1. Does the value of the services provided by this courier service justify the cost?	Oliver (1980)	1 = Strongly disagree, 7 = Strongly agree
			PV2. Compared to other available options, do you believe that the courier service offers a good value for the money?		
			PV3. How important is perceived value in your decision to continue using this courier service?		1 = Not at all important, 7 = Extremely important

3.5 Pre-Test

It is worth mentioning that no pilot study was conducted in this study. According to Ramayah, Chuah, Cheah, Ali Memon, and Ting (2017), a questionnaire-based pilot test was deemed unfeasible and unnecessary. However, the pre-testing procedure can ensure the overall quality of the data obtained.

A pre-test will be conducted in October 2023 before the actual data collection takes place. The pre-test is the final stage to determine how well the questionnaire works with the target respondents (Hunt, Sparkman, & Wilcoz, 1982). According to Zaltman and Burger (1975), the pre-test sample size can be small. Ferber and Verdoorn (1962) propose that a sample size of 12 is satisfactory for pre-testing questionnaires. The main purpose of the pre-test is to ensure that respondents understand the questions and scales, to avoid confusion. Each item in the questionnaire will be pre-tested to avoid confusion and ambiguity and to obtain reliable and validated questions.

The results of the pre-test will be used to improve the questionnaire. 15 young consumers throughout Malaysia are selected to do the questionnaire pre-test as the goal of the pre-test is to ensure that the instructions are clear and that valid and reliable answers are obtained from the respondents. The pre-test also allows the researcher to identify any irrelevant or defective questions. The final version of the questionnaire will be revised and approved by the supervisor to ensure the reliability and validity of the items for the actual data collection.

The purpose of these tests is to confirm content validity. Content validity, also known as face validity, examines whether the items on the scale sufficiently encompass the entire scope of the construct being examined (Sekaran & Bougie, 2013). Following this, the questionnaires were pre-tested with a lecturer from Swinburne University of Technology

and an expert from the courier service industry. The experts were carefully selected based on their expertise and experiences in their field. Several questions were carefully revised and updated based on their comments.

Table 3.2: Outcomes of Pre-test

Section and Question Items	Comments	Changes Made
Section B: R4: The courier service provides its services at the time it promises to do so.	Suggested to modify the sentences.	The courier service provides the necessary services and products that is relevant to the customers.
Section B: R5: The courier service keeps accurate records.	Suggested to add in the words "for its reference purposes"	The courier service keeps accurate records for its reference purposes.

3.6 Statistical Analysis

The data will be analyzed using SmartPLS 4.0 software to analyze the measurement and structural models. The analysis of the data is discussed in the following sections.

3.6.1 Descriptive Statistics

In this research, statistical analysis was carried out using SmartPLS version 4.0.9.1 software. The employed data analysis techniques included both descriptive and inferential statistics. Descriptive analysis was utilized to provide an overview and description of the phenomenon under investigation, as suggested by Sekaran and Bougie (2013). Inferential statistics, employing Partial Least Square Structural Equation Modeling (PLS-SEM), were employed to explore the relationships between the constructs, following the guidance of Hair et al. (2011). A two-step approach was adopted for model evaluation through PLS-SEM. The initial step involved testing the construct validity and reliability of the model, while the

second step assessed the model's predictive capabilities through hypothesis testing. The PLS-SEM analysis was conducted using the SmartPLS 4 software.

3.6.2 PLS-SEM

Byrne (2001) suggests that Structural Equation Modeling (SEM) serves as a valuable statistical approach for addressing research issues in non-experimental studies. Similarly, Maruyama (1997) asserts that SEM has the capability to determine the intensity of relationships among variables within a theoretical model. Hair et al. (2010) explain that SEM examines both direct and indirect relationships between endogenous and exogenous constructs. Gefen, Straub and Botidreaii (2000) describe SEM as a multi-level model that provides goodness-of-fit indices and addresses interrelated research questions. Maxwell (1999) notes that SEM has been applied in various approaches, including mediating relationships, confirmatory factor analysis, longitudinal designs and handling missing data (Ilias, Suki, and Yasoa, 2008). Bagozzi and Yi (1988) state that SEM is an assessment of data adequacy and the statistical assumptions underlying the estimation methods used in the analysis.

Partial least squares-structural equation modeling (PLS-SEM) will be used to analyze the data collected in this study. PLS-SEM estimates the relationships between latent variables and determines how well the model explains the target constructs of interest. There are two types of analysis that must be performed when using PLS-SEM. The first is the measurement model, which examines the validity and reliability of the data. The second is the structural model, which examines correlation, significance, goodness of observation, goodness of model, and model fit (Hair et al., 2014).

In the measurement model, validity and reliability tests will be performed. In the structural model, an inner model test will be performed. Further details on these tests will be provided later.

To provide a clearer understanding of the analyses that will be performed using PLS-SEM, the researcher has summarized them in Figure 3.2: Summary of Analysis Required for PLS-SEM. This table will serve as a checklist during the analysis process.

Measurement Model	Validity Test	Convergent Validity: Loading Factor	Measure validity of each indicator. Rule of Thumb: >0.70.
		Convergent Validity: AVE	Measure validity of each variable. Rule of thumb: >0.50.
		Discriminant Validity: Fornell-Larcker Criterion/HTMT	Measure correlation between variables. Top value must supersede other values.
		Discriminant Validity: Cross Loading	Measure correlation between indicators and variables. Correlation between indicators and its variable must supersede correlation with other indicators.
	Reliability Test	Composite Reliability	Measure correlation among the items, as well as the measurement error, and is calculated based on the standardized factor loadings of the items. Rule of thumb: >0.7
		Cronbach's Alpha	Measure consistency of the responses across the items. Rule of thumb: >0.7
Structural Model	Inner Model Test	R-square	Influence of exogeneous towards endogenous. It represents the proportion of the variance for a dependent variable.
		Path Coefficient	Partial correlation coefficient between the dependent variable and an independent variable, adjusted for other independent variables. >0, positive relationship, <0, negative relationship.
		T-Statistic (Bootstrap)	To determine significance of the relationship. Rule of thumb:>1.96 significance, <1.96 not significant even though the relationship is positive.
		Predictive Relevant	Measure the goodness of the observation. Q^2 >0 represent good observation.
		Model Fit	Measure the goodness of model, NFI value represent percentage of model fit.

Figure 3.2: Summary of Analysis Required for PLS-SEM

3.6.3 Measurement Model

In Partial Least Squares Structural Equation Modeling (PLS-SEM), a measurement model is employed to depict the connection between latent variables and their observed indicators. The purpose of the measurement model is to ascertain the construct validity of the latent variables by assessing the reliability and validity of the indicators utilized for their measurement (Hair et al., 2014).

To assess data validity, four tests will be conducted: Loading Factor, Average Variance Extracted (AVE), Fornell-Larcker Criterion/HTMT, and Cross Loading. The Loading Factor evaluates the validity of each indicator, and as per Chin (1998), each indicator should have a value exceeding 0.70 for validation. AVE is considered valid if its value exceeds 0.5, indicating that a latent variable can better explain the average variance of its indicators, as suggested by Fornell and Larcker (1981). The Fornell-Larcker Criterion/HTMT will be computed to gauge the correlation between variables, where the highest value for each variable must surpass the other values. Lastly, Cross Loading will be implemented to assess the correlation between indicators and variables, with the correlation between an indicator and its variable needing to exceed its correlation with other indicators.

For reliability testing, two analyses will be conducted: Composite Reliability and Cronbach's Alpha. These two analyses are similar, but are usually performed together in research. Composite Reliability measures the correlation among items and the measurement error, and is calculated based on the standardized factor loadings of the items. Cronbach's Alpha measures the consistency of responses across items. The rule of thumb for both analyses is that they must have a value greater than 0.7 (Karim, 2009).

3.6.4 Structural Model

Within PLS-SEM, a structural model delineates the connections or paths between latent variables within a research model. This model undergoes testing through the outer loadings and path coefficients derived from estimations of the measurement and structural models. It articulates the causal connections between latent variables, serving as a means to evaluate hypotheses and forecast relationships among the constructs within the model.

To assess the structural model, five tests will be conducted: R-square, Path Coefficient, T-Statistic (Bootstrap), Predictive Relevance and Model Fit. R-square measure the impact of exogenous variables on endogenous variables, reflecting the proportion of variance for a dependent variable. Path Coefficient signifies the partial correlation coefficient between a dependent variable and an independent variable, adjusted for other independent variables. A value above 0 denotes a positive relationship, while a value below 0 indicates a negative relationship. The T-Statistic (Bootstrap) is employed to determine the significance of the relationship, with a value surpassing 1.96 indicating significance and a value below 1.96 denoting non-significance, even in the presence of a positive relationship. Predictive Relevance assesses the quality of observation, with a Q^2 value exceeding 0 indicating good observation. Lastly, Model Fit evaluates the overall goodness of the model, where the NFI value represents the percentage of model fit, with higher values signifying better model fit.

3.7 Summary

The research methodology used is briefly described in Chapter 3 of this paper. The variables have operational definitions, and Google Forms-assisted online surveys are used to measure them. To find and fix any outliers or missing values, the obtained data will be

cleaned before analysis. Additionally, the data will be evaluated to see if it complies with the presumptions needed for multivariate analysis. For data analysis, the Smart PLS 4.0 software will be used. The results will be presented and interpreted in light of the findings, which will be discussed.

CHAPTER 4

RESULTS

4.1 Introduction

This chapter presents a recapitulation of the respondents' characteristics and furnishes a discussion and interpretation of the statistical analysis conducted on the gathered data. Diverse tests were executed to ensure the dependability of the findings. Descriptive statistical analysis was carried out using SPSS version 26.0 to derive the demographic profile of the respondents. The hypotheses were scrutinized and the construct validity was evaluated through SmartPLS (version 4.0) software. The PLS method, offering enhanced flexibility in modeling, was employed to examine comprehensive research models. Additionally, the chapter encapsulates a synthesis of the outcomes from the path analysis.

4.2 Distributions of Questionnaire and the Return Rate

Preliminary data analysis is a technique employed to scrutinize and rectify inaccuracies in the data. Before conducting the primary data analysis, the dataset underwent screening procedures using SPSS version 26.0. Prior to the formal data analysis, basic SmartPLS software was utilized for preliminary analyses to evaluate the demographic data. Out of the 202 distributed questionnaires, 169 were successfully collected, indicating a response rate of 83.7%.

Kock and Hadaya (2018) propose that the inverse square root method indicates a requisite sample size of 160. This leads us to propose a general guideline for determining a suitable minimum sample size when we are unsure of the smallest absolute magnitude of the path coefficient. Based on the inverse square root method, a reasonable answer would be 160.

Preliminary data analysis encompasses the identification of missing data, detection of unusual response patterns, verification of data normality and bias testing using established techniques. The initial phase of the primary research involved pinpointing the missing data. Out of the 202 questionnaires that were returned, 169 were deemed usable as it is questionnaire that is within criteria without missing data. The usable questionnaires, which accounted for a response rate of 83.7%, are those that were fully filled out and met the study's inclusion criteria that is the respondents must be a Malaysian, within the age of 18 to 35 years old, must have the minimum education of SPM and higher level and have used courier services in the past 12 months. These usable questionnaires are the ones that contribute meaningful data for the analysis. Furthermore, GPower established that a sample size of 138 was adequate for this study. As a result, the study's response rate is deemed satisfactory as it surpasses the minimum sample size of 138 as determined by GPower. Table 4.1 shows the questionnaire distribution and response rate.

Table 4.1: Questionnaire Distribution and Response Rate

Questionnaire Returned	202
Questionnaire within Criteria without missing data*	169
Returned and Usable Questionnaire	169
Response Rate	83.70%

Note: Minimum sample of GPower is 138 respondents; with criteria (must be Malaysian, within age 18 to 35 years old, minimum education of SPM and higher level and have used courier services in the past 12 months)

4.3 Respondents Profile

The data collected in this study was analyzed using SmartPLS 4.0 software to test the proposed hypotheses and assess the validity of the constructs. A total of 169 questionnaires were returned back by the Internet respondents, who were the targeted respondents in this study.

The data presented represent the results of a survey conducted on various demographic and the 5 variables. The survey collected data from a total of 169 respondents, of which it demonstrates gender distribution within the sample reveals that female respondents constitute a substantial majority, comprising 67.5% of the total sample, while male respondents represent 32.5%. A Statista report in 2022 indicated that there were 358,600 female students against 234,080 male students enrolled in Malaysia's public higher institutions in 2020. Thus, the female respondents under the category of young consumers which falls under the age group between 18 to 35 years old could be then factor why female respondents dominate 67.5% while the male respondents only represent 32.5%.

The results emphasize on the respondents age must be between 18 to 35 years old as the study is about young consumers in Malaysia in the context of courier service industry. The 21-25 years old category had the most respondents (37.3%), followed by those between 31-35 years old (26.6%). In contrast, the 18-20 years old and 26-30 years categories accounted for only 20.1% and 16% of the total sample.

The ethnicity for the respondents is 33 (19.5%) for Malay, 97 (57.4%) for Chinese, 3 (1.8%) for Indian, 2 (1.2%) for Bumiputera Sabah, 31 (18.3%) for Bumiputera Sarawak and 3 (1.8%) for others.

The current state of residence for the respondents are 13 (7.7%) for those residing in Kuala Lumpur, 6 (3.6%) for those residing in Penang, 10 (5.9%) for those residing in Sabah, 129 (76.3%) for those residing in Sarawak while 11 (6.5%) for those residing around other Peninsular Malaysia states.

As for the respondent's marital status, there are 129 (76.3%) that are single, 35 (20.7%) who are married, 3 (1.8%) who are divorced and 2 (1.2%) who chose others in their status.

As for the current occupational status for the respondents, there are 9 (5.3%) that are unemployed, 75 (44.4%) that are student, 10 (5.9%) that have their own business, 16 (9.5%) who are working in government sector, 56 (33.1%) who are working in private sector, 2 (1.2%) who chose to go for early retirement and finally, 1 (0.6%) who chose for other options.

For the gross monthly expenses, there are 57 (33.7%) respondents that is earning RM 1000.00 and below, 21 (12.4%) respondents that is earning between RM 1001.00 to RM 2000.00, 25 (14.8%) respondents that is earning between RM 2001.00 to RM 3000.00, 20 (11.8%) respondents that is earning between RM 3001.00 to RM 4000.00, 16 (9.5%) respondents that is earning between RM 4001.00 to RM 5000.00 and 30 (17.8%) respondents that is earning RM 5001.00 and above.

As for the respondent's highest level of education, there are 17 (10.1%) who have SPM (and equivalent) and below qualification, 35 (20.7%) who have Diploma and equivalent, 92 (54.4%) who have Bachelor Degree and equivalent, 23 (13.6%) who have Master Degree and equivalent and 2 (1.2%) who have other level of education qualification.

For the past experiences of using courier service, the respondents have answered that there are 118 (69.8%) that used the service 3 months ago, 20 (11.8%) that used the service 6 months ago, 7 (4.1%) that used the service 9 months ago, 19 (11.2%) that used the service 12 months ago and 5 (3%) that chose others. A complete demographic profile of the respondents is presented in Table 4.2.

Studies indicate that Chinese culture places a premium on education and economic prosperity, factors that often translate into higher household incomes and greater purchasing power among Chinese families (Smith, 2018). Additionally, Chinese communities, particularly in urban areas, demonstrate higher levels of digital literacy and comfort with technology, predisposing them to engage more readily with e-commerce platforms (Chen et al., 2021). Furthermore, the entrepreneurial spirit ingrained within Chinese communities may contribute to their active participation in e-commerce ventures, further augmenting their purchasing power (Wong & Ho, 2020).

Sarawak, as one of the largest states in Malaysia, boasts a significant population base, offering a diverse demographic pool for research purposes. Furthermore, the unique cultural and economic landscape of Sarawak presents an intriguing case study for understanding consumer behavior in the e-commerce sector. The state's distinct market dynamics, coupled with its diverse ethnic composition, make it an ideal setting for exploring the interplay between socio-cultural factors and e-commerce trends (Lee et al., 2020).

Table 4.2: Demographic Profile of the Respondents

Demographic Profile	Category	Frequency (N=169)	Percentage (%)
Gender	Male	55	32.5
	Female	114	67.5
Age	18 – 20 years old	34	20.1
	21 – 25 years old	63	37.3
	26 – 30 years old	27	16
	31 – 35 years old	45	26.6
Ethnicity	Malay	33	19.5
	Chinese	97	57.4
	Indian	3	1.8
	Bumiputera Sabah	2	1.2
	Bumiputera Sarawak	31	18.3
	Others	3	1.2
Current state of residence	Kuala Lumpur	13	7.7
	Penang	6	3.6
	Sabah	10	5.9
	Sarawak	129	76.3
	Others	11	6.5
Marital Status	Single	129	76.3
	Married	35	20.7
	Divorced	3	1.8
	Others	2	1.2
Current Occupational status	Unemployed	9	5.3
	Student	75	44.4
	Own Business	10	5.9
	Government sector	16	19.5
	Private sector	56	33.1
	Early Retirement	2	1.2
	Others	1	0.6
Gross Monthly Expenses	Less than RM 1000.00	57	33.7
	RM 1001.00 to RM 2000	21	12.4
	RM 2001.00 to RM 3000	25	14.8
	RM 3001.00 to RM 4000	20	11.8
	RM 4001.00 to RM 5000	16	19.5
	RM 5001.00 and above	30	17.8
Highest level of education	SPM (and equivalent)/below	17	10.1
	Diploma and equivalent	35	20.7
	Bachelor degree and equivalent	92	54.4
	Master degree and equivalent	23	13.6

	PhD and equivalent	0	0
	Others	2	1.2
Past experiences of using courier service	3 months	118	69.8
	6 months	20	11.8
	9 months	7	4.1
	12 months	19	11.2
	Others	5	3

4.4 Descriptive Statistics of Variables

Table 4.3 provides a summary of descriptive statistics for each variable, including the number of observations (N), mean values, and standard deviations (SD). The following observations emerge from the analysis:

Tangibility: Across all four dimensions of tangibility, the mean scores range from 4.763 to 5.024, indicating generally favorable perceptions among respondents regarding the tangible aspects of the service provided.

Reliability: The mean scores for reliability exhibit slight variability across the five dimensions, with values ranging from 4.698 to 5.373. This suggests relatively consistent perceptions of reliability, albeit with some fluctuations observed.

Responsiveness: On average, respondents report favorable perceptions of responsiveness, with mean scores ranging from 4.71 to 5.195 across the four dimensions examined.

Assurance: The mean scores for assurance range from 5.083 to 5.142, indicating high levels of confidence and trust in the service provider's abilities to deliver as promised.

Empathy: Across the five dimensions of empathy, mean scores range from 4.911 to 5.195, reflecting favorable perceptions of the service provider's understanding and consideration of customer needs.

Customer Satisfaction: Respondents report generally high levels of satisfaction, as evidenced by mean scores ranging from 5.237 to 5.402 across the three dimensions of customer satisfaction.

Customer Loyalty: Mean scores for customer loyalty range from 5.249 to 5.308, indicating a strong inclination among respondents to maintain a continued relationship with the service provider.

Perceived Value: Respondents perceive the value offered by the service provider positively, with mean scores ranging from 5.112 to 5.314 across the three dimensions of perceived value.

The descriptive analysis offers valuable insights into the distribution and characteristics of key variables under study. These findings serve as a foundational basis for subsequent inferential analyses, enabling a deeper exploration of the relationships between variables and their impact on customer satisfaction, loyalty, and perceived value within the e-commerce sector.

Table 4.3: Descriptive Statistics for Variables in the study

N	Variables	Mean	Std. Deviation (SD)
169	Tangibility 1	4.805	1.261
	Tangibility 2	4.852	1.286
	Tangibility 3	5.024	1.151
	Tangibility 4	4.763	1.256
169	Reliability 1	4.976	1.296
	Reliability 2	4.698	1.371
	Reliability 3	5.101	1.258
	Reliability 4	5.373	1.129
	Reliability 5	5.32	1.189
169	Responsiveness 1	5.13	1.271
	Responsiveness 2	5.195	1.168
	Responsiveness 3	5.172	1.24
	Responsiveness 4	4.71	1.473
169	Assurance 1	5.142	1.213
	Assurance 2	5.107	1.182
	Assurance 3	5.107	1.162
	Assurance 4	5.083	1.252
169	Empathy 1	4.929	1.238
	Empathy 2	4.953	1.22
	Empathy 3	4.911	1.336
	Empathy 4	5.041	1.293
	Empathy 5	5.195	1.342
169	Cust. Satisfaction 1	5.249	1.036
	Cust. Satisfaction 2	5.237	1.01
	Cust. Satisfaction 3	5.402	1.183
169	Cust. Loyalty 1	5.254	1.172
	Cust. Loyalty 2	5.249	1.186
	Cust. Loyalty 3	5.308	1.115
169	Perceived Value 1	5.178	1.148
	Perceived Value 2	5.112	1.164
	Perceived Value 3	5.314	1.039

4.5 Assessment of Measurement Model

The first phase entailed validating the reliability and construct validity of the measurement model before advancing to hypothesis testing in the research model. Figure 4.1 illustrates the measurement model, which delineates the associations between the constructs and their corresponding indicator variables (Hair et al., 2014). Convergent

validity was examined through indicator reliability, loadings, and average variance extracted (AVE). Following that, discriminant validity was appraised using cross loadings. Finally, Smart-PLS version 4.0 was employed to assess the internal consistency reliability of the model.

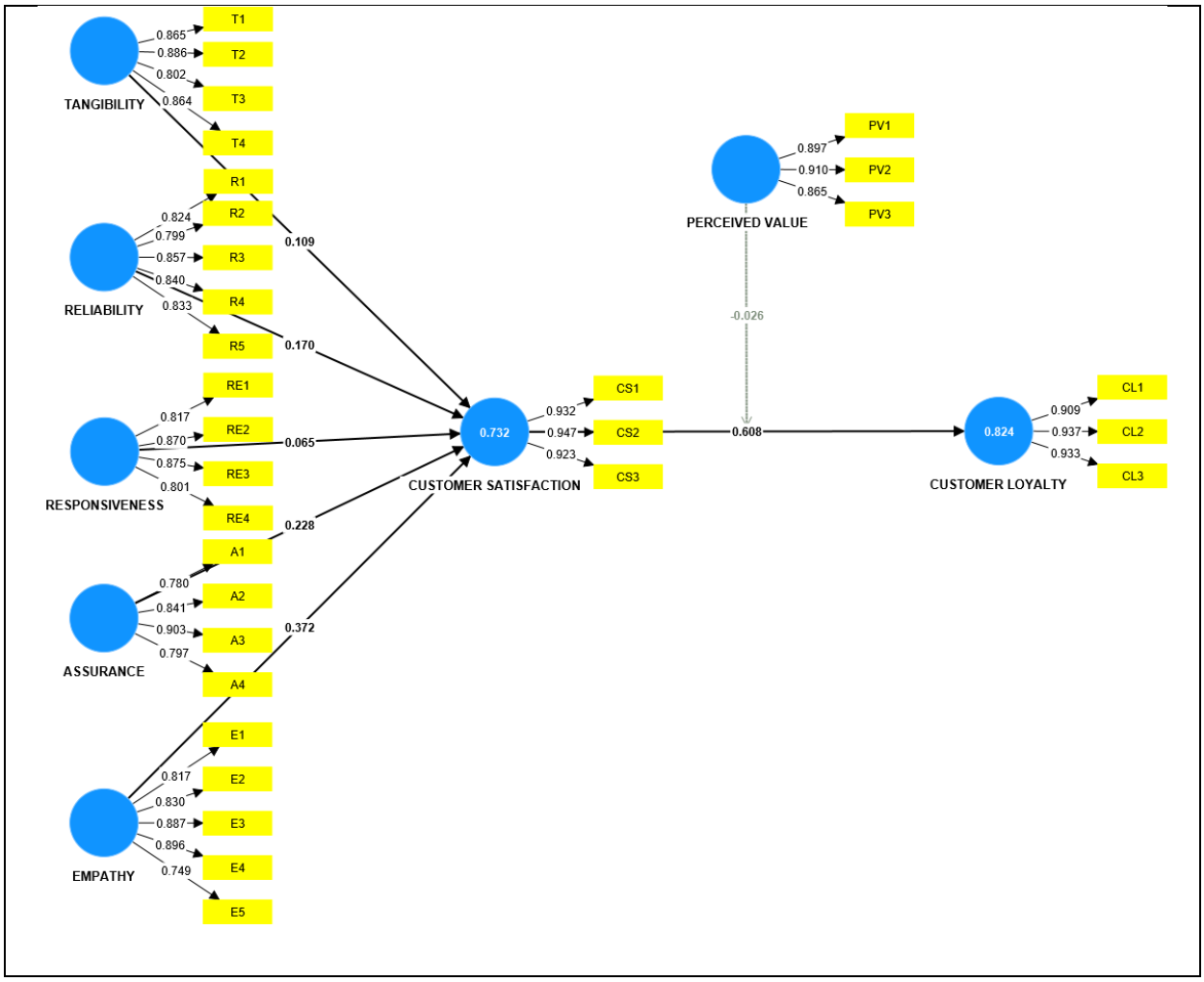

Figure 4.1: Measurement Model

4.5.1 Loading and Cross Loadings

Table 4.4 presents the item loadings and cross loadings, which associate each item with its intended construct (i.e., loadings) and with other constructs (i.e., cross loadings).

According to Table 4.4, the loading values varied from 0.802 to 0.886 for tangibility, from 0.799 to 0.857 for reliability, from 0.801 to 0.875 for responsiveness, from 0.780 to 0.903 for assurance, from 0.749 to 0.896 for empathy. As for customer satisfaction, the loading values varied from 0.923 to 0.947, from 0.909 to 0.937 for customer loyalty and for perceived value, the loading values varied 0.865 to 0.910.

A cutoff value of 0.5 for the loadings as significant, following the approach of Hair et al. (2014) was adopted. Conversely, cross-loadings were calculated to check for any issues with each item. As shown in Table 4.5, the cross-loadings for all items measuring a construct exceeded all cross-loadings with other constructs. This suggests that the model construct possesses strong construct validity for this study.

Table 4.4: Reflective Measurement Model: Factor Loadings, Cronbach Alpha, CR and AVE

Construct	Item	Factor Loadings	Cronbach Alpha	Composite Reliability	AVE	Convergent Validity	rho_A
Tangibility	T1	0.865	0.877	0.916	0.731	Yes	0.879
	T2	0.886					
	T3	0.802					
	T4	0.864					
Reliability	R1	0.824	0.87	0.918	0.69	Yes	0.892
	R2	0.799					
	R3	0.857					
	R4	0.84					
	R5	0.833					
Responsiveness	Re1	0.817	0.863	0.906	0.708	Yes	0.873
	Re2	0.87					
	Re3	0.875					
	Re4	0.801					
Assurance	A1	0.78	0.85	0.899	0.691	Yes	0.852
	A2	0.841					
	A3	0.903					
	A4	0.797					
Empathy	E1	0.817	0.892	0.895	0.701	Yes	0.895
	E2	0.83					
	E3	0.887					
	E4	0.896					
	E5	0.749					
Customer Satisfac	CS1	0.932	0.927	0.953	0.872	Yes	0.917
	CS2	0.947					
	CS3	0.923					
Customer Loyalty	CL1	0.909	0.917	0.877	0.858	Yes	0.917
	CL2	0.937					
	CL3	0.933					
	PV1	0.897		0.92	0.794	Yes	0.87
Perceived Value	PV2	0.91	0.87				
	PV3	0.865					

Note: Criteria: Composite Reliability >0.708 (Hair et al., 2010), (Hair et al., 2014) AVE>0.5 (Hair et al., 2014)

4.5.2 Indicator Reliability

The reliability of the indicators was evaluated using factor loadings. The suggested value for internal consistency is above 0.50 (Anderson & Gerbing, 1988; Bagozzi et al., 1991) or over 0.70 (Chin, 2010; Hair et al., 2014). As indicated in Table 4.4, all factor loadings were discovered to be above 0.50. In this study, factor loadings that were found to be above 0.50 reached an acceptable level, confirming the construct's validity.

Generally, Cronbach's alpha coefficient measures the internal consistency of the measurement items (Ramayah, Lee, & Boey, 2011). Table 4.4 presents the loadings and Cronbach's alpha reliability coefficients for all five determinants: Assurance, Empathy, Reliability, Responsiveness, and Tangibility. It was assumed that all indicators were consistently reliable.

In summary, all the determinants exceeded the recommended alpha value of 0.7 as suggested by Nunnally and Bernstein (1994) and Sekaran (2010). Specifically, the Cronbach's alpha values for Assurance, Empathy, Reliability, Responsiveness, Tangibility, Customer Satisfaction, Customer Loyalty and Perceived Value ranged from 0.87 to 0.927. This indicates that the multiple measurement items were appropriate, reliable and acceptable in this study. Therefore, the internal consistency reliability of the measures used in this study can be considered good.

In this study, the validity of the constructs was assessed through the examination of convergent and discriminant validity. Convergent validity scrutinizes the extent to which a set of indicators in a measurement model accurately represents the same underlying construct. Various measures, including average variance extracted (AVE), composite reliability (CR), and factor loadings, were employed for this assessment.

Following the recommended two-step approach outlined by Anderson and Gerbing (1988), the initial step involved scrutinizing the measurement model to validate the reliability and validity of the instruments used. This process adhered to the guidelines provided by Hair et al. (2022) and Ramayah et al. (2018). Subsequently, the structural model was executed to validate the developed hypotheses.

For the measurement model, evaluations were conducted on loadings, average variance extracted (AVE), and composite reliability (CR). The predefined criteria stipulated that loadings should be a minimum of 0.5, AVE should be at least 0.5, and CR should be at least 0.7.

As depicted in Table 4.4, all Average Variance Extracted (AVE) values are above 0.7, except for reliability (0.690) and assurance (0.691). Despite this, indicators with loadings below the threshold were retained, contributing to the Composite Reliability (CR) and AVE values. Consequently, each construct has demonstrated convergent validity.

The decision to retain items with lower loadings has impacted all AVEs in the measurement model. Additionally, the Composite Reliability (CR) for all eight constructs ranges from 0.690 to 0.872, indicating a high level of internal consistency among the items measuring each construct.

In concordance with this, the Average Variance Extracted (AVE) surpasses the recommended threshold of 0.50 (Hair et al., 2017; Ramayah et al., 2016), affirming the successful achievement of convergent validity in this study.

4.5.3 Internal Consistency Reliability

The assessment of internal consistency reliability utilized the measure of Composite Reliability (CR). Existing literature, as recommended by Hair et al. (2017), suggests that for satisfactory internal consistency, the CR value should be greater than 0.70 but less than 0.95. The findings of the reliability tests for internal consistency are detailed in Table 4.4. This study observed that all CR values surpassed the 0.70 threshold. These results collectively affirm the internal consistency of the measurement model.

4.5.4 Convergent Validity

Convergent validity is considered to be achieved if the Average Variance Extracted (AVE) is more than 0.50, as suggested by Fornell & Larcker (1981), Chin (2010), and Hair et al. (2017). An AVE value above 0.50 indicates that the construct can explain at least 50% of the variance of its item, according to Chin (1998). As demonstrated in Table 4.4, all AVEs have met the minimum value of 0.50, with values ranging from 0.690 to 0.872. These findings confirm the presence of sufficient convergent validity in the measurement models.

4.5.5 Discriminant Validity

Discriminant validity analysis is crucial in validating the distinctiveness of constructs within a measurement model. It assesses whether constructs in a research model measure different theoretical concept. In this section, discriminant validity will be assessed using both the Fornell-Larcker criterion and the heterotrait-monotrait (HTMT) ratio.

The Fornell-Larcker criterion compares the square root of the average variance extracted (AVE) of each construct to the correlation coefficients between that construct and all other constructs in the model. Discriminant validity is supported if the square root of the AVE for each construct is greater than its correlations with other constructs.

The HTMT ratio compares the heterotrait-heteromethod correlations to the monotrait-heteromethod correlations. Discriminant validity is supported if the HTMT ratios are less than 0.85.

Firstly, the square root of the AVE for each construct will be calculated, and correlations between constructs will be examined.

Table 4.5: Constructs and Square root of AVE

Constructs	Square root of AVE
Assurance	0.799
Customer Loyalty	0.849
Customer Satisfaction	0.904
Empathy	0.794
Perceived Value	0.844
Reliability	0.784
Responsiveness	0.816
Tangibility	0.774

Next, the correlations between constructs will be assessed:

- Correlation between Assurance and Customer Loyalty: 0.647
- Correlation between Assurance and Customer Satisfaction: 0.702
- Correlation between Assurance and Empathy: 0.746
- Correlation between Assurance and Perceived Value: 0.611
- Correlation between Assurance and Reliability: 0.734
- Correlation between Assurance and Responsiveness: 0.751
- Correlation between Assurance and Tangibility: 0.512

Based on the Fornell-Larcker criterion, the square root of the AVE for each construct is greater than its correlations with other constructs, supporting discriminant validity. Furthermore, the HTMT ratios for all construct pairs are calculated, and all values are found to be less than 0.85, supporting discriminant validity according to the HTMT criterion.

Both the Fornell-Larcker criterion and the HTMT ratio analysis confirm the discriminant validity of the constructs in the measurement model. These results provide assurance that the constructs in the model measure distinct theoretical concepts, enhancing the validity and reliability of the study findings.

As illustrated in Table 4.6, the correlations for each concept were lower than the bolded average variance extracted by the indicators. This implies that the highlighted concepts had satisfactory discriminant validity.

Table 4.6: Discriminant Validity of Constructs

CONSTRUCTS	ASSURANCE	CUSTOMER LOYALTY	CUSTOMER SATISFACTION	EMPATHY	PERCEIVED VALUE	RELIABILITY	RESPONSIVENESS	TANGIBILITY
A1	**0.780**	0.636	0.690	0.722	0.590	0.657	0.713	0.545
A2	**0.841**	0.571	0.631	0.690	0.597	0.636	0.627	0.432
A3	**0.903**	0.647	0.702	0.746	0.611	0.734	0.751	0.512
A4	**0.797**	0.604	0.624	0.698	0.571	0.591	0.660	0.400
CL1	0.713	**0.909**	0.853	0.731	0.714	0.698	0.686	0.631
CL2	0.667	**0.937**	0.794	0.637	0.771	0.679	0.680	0.597
CL3	0.678	**0.933**	0.800	0.720	0.800	0.658	0.703	0.636
CS1	0.786	0.829	**0.932**	0.798	0.742	0.717	0.775	0.639
CS2	0.777	0.808	**0.947**	0.802	0.729	0.711	0.701	0.552
CS3	0.670	0.831	**0.923**	0.683	0.707	0.688	0.653	0.562
E1	0.788	0.654	0.699	**0.817**	0.609	0.666	0.721	0.458
E2	0.693	0.580	0.634	**0.830**	0.648	0.594	0.652	0.591
E3	0.782	0.644	0.716	**0.887**	0.593	0.660	0.727	0.483
E4	0.733	0.693	0.721	**0.896**	0.637	0.651	0.675	0.573
E5	0.592	0.567	0.639	**0.749**	0.582	0.570	0.552	0.534
PV1	0.651	0.735	0.680	0.705	**0.897**	0.600	0.636	0.532
PV2	0.621	0.742	0.706	0.648	**0.910**	0.623	0.611	0.561
PV3	0.635	0.720	0.693	0.605	**0.865**	0.625	0.641	0.538
R1	0.667	0.605	0.621	0.643	0.560	**0.824**	0.619	0.517
R2	0.590	0.555	0.565	0.600	0.485	**0.799**	0.724	0.525
R3	0.685	0.649	0.649	0.647	0.566	**0.857**	0.679	0.554
R4	0.653	0.654	0.703	0.647	0.690	**0.840**	0.694	0.621
R5	0.686	0.568	0.586	0.583	0.551	**0.833**	0.733	0.513
RE1	0.689	0.607	0.577	0.602	0.537	0.677	**0.817**	0.480
RE2	0.721	0.620	0.625	0.644	0.583	0.761	**0.870**	0.545
RE3	0.707	0.700	0.744	0.739	0.697	0.690	**0.875**	0.599
RE4	0.682	0.566	0.597	0.687	0.537	0.665	**0.801**	0.518
T1	0.478	0.589	0.538	0.540	0.540	0.535	0.553	**0.865**
T2	0.478	0.553	0.518	0.552	0.483	0.548	0.543	**0.886**
T3	0.456	0.560	0.507	0.481	0.488	0.563	0.490	**0.802**
T4	0.538	0.591	0.575	0.572	0.569	0.607	0.596	**0.864**

4.6 Structural Model Results

After validating all the components within the measurement model, the analysis shifted to examine the inner model to test the structural model. The aim of testing the structural model in this study is to assess the hypotheses underlying it, aiming to address the research questions outlined in Chapter 1.

The measurement model was deemed satisfactory based on several evaluation criteria. The subsequent step involved assessing the structural model, which included

hypothesis testing and evaluating the model's predictive abilities. Following the recommendations of Hair et al. (2022) and Cain et al. (2017), an examination of multivariate skewness and kurtosis was conducted. The collected data was determined to be non-multivariate normal, evidenced by Mardia's multivariate skewness ($\beta = 7.625$, $p < 0.01$) and Mardia's multivariate kurtosis ($\beta = 57.300$, $p < 0.01$). In accordance with Becker et al.'s (2023) suggestions, the path coefficients for the structural model were reported, including standard errors, t-values, and p-values, utilizing a bootstrapping procedure with a resample size of 10,000 (Ramayah et al., 2018).

Responding to Hahn and Ang's (2017) critique that p-values may not be a sufficient criterion for hypothesis testing, a combination of criteria, such as the decision coefficient R^2, effect sizes f^2, and predictive relevance Q^2, was employed. Table 4.7 provides a summary of the criteria utilized to assess the developed hypotheses.

4.6.1 Hypothesis Testing

This study proposed a total of seven hypotheses to answer the research questions outlined in Chapter 1. Five of these hypotheses (H1-H5) examined the direct relationships between tangibility, reliability, responsiveness, assurance and empathy with Customer Satisfaction (CS).

The other hypotheses (H6) explored the direct relationships customer satisfaction (CS) and customer loyalty (CL). Perceived value as moderator (H7), examines the relationship between customer satisfaction (CS) and customer loyalty (CL).

All hypotheses were tested using the SmartPLS 4.0 software. The results, including path coefficients and p-values, are displayed in Table 4.6. Four of the hypotheses, H2 (reliability to customer satisfaction), H4 (assurance to customer satisfaction), H5 (empathy

to customer satisfaction) and H6 (customer satisfaction to customer loyalty) were found to be significant at a 0.05 level of significance. The SmartPLS 4.0 software was utilized to determine and analyze any relationships between the independent variables with customer satisfaction (CS) and customer loyalty (CL) with perceived value as the moderator. Further details about these findings are discussed in the following sections.

Table 4.8 summarizes the results of the hypothesis tested in this research. The relationship was interpreted according to the results from the path analysis (direct effect), moderator tests using bootstrapping technique to examine the indirect effect and the technique of the interaction term to examine the moderator (perceived value) effect.

The results shows that the hypothesis (H1, H3 and H7) developed to test the direct relationships of tangibility, responsiveness towards customer satisfaction and perceived value towards customer satisfaction and customer loyalty are not supported. While the hypothesis on the direct relationship of reliability, assurance and empathy towards customer satisfaction (H2, H4 and H5) are supported as well as the hypothesis (H6) on the direct relationship between customer satisfaction towards customer loyalty are also supported.

Thus, through the results of the hypothesis testing only H2, H4, H5 and H6 are supported from the findings.

4.6.2 Effect Size *(f^2)*

To assess the R square values of endogenous constructs, the evaluation involves observing the change in R square when a specific exogenous construct is excluded from the model. This process, known as the f square effect size, helps determine whether the omitted construct significantly influences the endogenous constructs by examining the change in R square when it is removed from the structural model.

Cohen (1998) suggests that effect sizes are typically small, a notion supported by Hair et al. (2011), who emphasize the challenges in adhering to strict rules of thumb for achieving substantial f square values. They note that effect size depends on the complexity of the model and the research discipline. Sullivan and Feinn (2012) propose that small effect sizes are common due to the intricate nature of research models and the specific conditions of industries.

For measuring the strength of moderating effects, Hair et al. (2014) recommends interpreting the f^2 effect size, with values of 0.005, 0.010, and 0.025 indicating small, medium, and large effects, respectively. In the context of the study, the f^2 values representing effect sizes for each relationship range from small (0.005) to large (0.825), as detailed in Table 4.6. Notably, four constructs exhibit large effects with values of 0.036, 0.037, 0.106, and 0.825, demonstrating the diverse impact sizes across the constructs.

Table 4.7: Effect Size

Hypothesis	Relationship	f^2	Inference
H1	Tangibility > Customer Satisfaction	0.008	Small
H2	Reliability > Customer Satisfaction	0.037	Large
H3	Responsiveness > Customer Satisfaction	0.037	Small
H4	Assurance > Customer Satisfaction	0.036	Large
H5	Empathy > Customer Satisfaction	0.106	Large
H6	Customer Satisfaction > Customer Loyalty	0.825	Large
H7	Perceived value > customer satisfaction & customer loyalty	0.005	Small

4.6.3 Coefficient of Determination (R^2)

The Coefficients of Determination *(R^2)* serve as a metric for assessing the predictive accuracy of a model, capturing the combined impact of all exogenous constructs on the

endogenous constructs (Hair et al., 2017). It quantifies the proportion of total variance in an endogenous construct that can be attributed to its associated exogenous constructs (Hair et al., 2018; Ringle et al., 2018). Falk and Miller (1992) suggested that for data interpretation to be significant, an R^2 value should be at least 0.10.

As per Hair et al. (2017), customer satisfaction exhibits a moderate relationship with customer loyalty, indicated by an R^2 value of 0.749. This implies that approximately 74.9% of the variation in customer satisfaction is influenced by changes in customer loyalty. Conversely, customer loyalty, with an R^2 value of 0.824, demonstrates a substantial relationship with customer satisfaction, suggesting that around 82.4% of the variation in customer loyalty can be elucidated by changes in customer satisfaction. Hair et al. (2017) further categorized R^2 values of 0.75, 0.50, and 0.25 as substantial, moderate and weak, respectively.

4.6.4 Predictive Relevance (Q^2)

The assessment of the model's predictive relevance relied on Stone-Geisser's Q^2 value (Geisser, 1974; Stone, 1974). The structural model indicated a substantial predictive relevance for customer satisfaction ($Q^2 = 0.700$) and a moderate predictive relevance for customer loyalty ($Q^2 = 0.722$). The confirmation of predictive relevance was established as the Q^2 values were significantly greater than zero, aligning with the criteria set by Hair et al. (2017). Following the rule of thumb proposed by Chin (1998), Hair et al. (2017), and Henseler et al. (2009), the model demonstrated a high degree of predictive relevance.

Table 4.8: Summary of Path Coefficients, Standard Error, T-Value, R-square, Q-square and Hypotheses Testing

Hypothesis	Relationship	Std. Beta	Std. Dev	t-value	p-value	Decision	Q^2	R^2
H1	TANGIBILITY -> CUSTOMER SATISFACTION	0.103	0.065	1.661	0.097	Not Supported	0.700	0.749
H2	RELIABILITY -> CUSTOMER SATISFACTION	0.175	0.086	1.972*	0.049*	Supported		
H3	RESPONSIVENESS -> CUSTOMER SATISFACTION	0.073	0.102	0.640	0.522	Not Supported		
H4	ASSURANCE -> CUSTOMER SATISFACTION	0.228	0.102	2.241	0.025*	Supported		
H5	EMPATHY -> CUSTOMER SATISFACTION	0.366	0.089	4.188*	0.000*	Supported		
H6	CUSTOMER SATISFACTION -> CUSTOMER LOYALTY	0.606	0.061	9.886*	0.000*	Supported	0.722	0.824
H7	PERCEIVED VALUE x CUSTOMER SATISFACTION->CUSTOMER LOYALTY	-0.026	0.024	1.066*	0.287*	Not Supported		

*Note: *p<0.05, **p<0.01*

4.7 Chapter Summary

The chapter presented a thorough investigation of the data and research outcomes. An initial analysis was employed to scrutinize and enhance the data. SmartPLS 4.0 was utilized to perform PLS-SEM analysis for interpreting the results. The measurement model assessed various aspects, including indicator reliability, internal consistency, convergent reliability and discriminant construct validity. The formulated hypotheses underwent examination, and their predictive significance was evaluated within the structural model.

CHAPTER 5

DISCUSSION AND CONCLUSION

5.1 Introduction

The chapter commences with a summary of the research objectives and the questions posed in the study. Subsequently, a detailed examination, discussion and interpretation of the research findings are presented in the following section. Additionally, this chapter explores the theoretical and practical implications arising from the study's results. Finally, the study acknowledges its limitations and proposes recommendations for future research to encourage further exploration in this particular field.

5.2 Recapitulation of Study

The discussion of the findings of this study was presented according to the order of research objectives. The first objective of this study was to assess the impact of SERVQUAL dimensions towards young customer satisfaction in courier service industry in Malaysia. The second aim of this study was to evaluate the relationship between customer satisfaction and customer loyalty among young consumers in Malaysia courier service industry. Thirdly, the study was to examine the moderating impact of perceived value between customers satisfaction and customer loyalty among young consumers.

This research answers the research questions as follows:

i. What are the factors influencing customer satisfaction in the context of courier service industry in Malaysia?

It was found from the study that young consumers actually consider reliability, assurance and empathy as the factors that will influence them to be satisfied with the courier

service industry in Malaysia. These can be seen from the 3 hypothesis that supported the customer satisfaction.

ii. To what extend does the customer satisfaction influence customer loyalty?

The study found that customer satisfaction actually does influence customer loyalty for the young consumers in Malaysia for the context of courier service industry. These can be found from the hypothesis that supported this decision as the more satisfied the customers is, the more they will be loyal on using the particular courier service.

iii. Will perceive value moderate the relationship between customer satisfaction and customer loyalty among young consumers in Malaysia?

The study found that perceive value as the moderator between customer satisfaction and customer loyalty among young consumers in Malaysia is not supported. Thus, there is no relationship between perceived value that moderated the relationship between customer satisfaction and customer loyalty.

In this study, seven hypotheses were formulated which were related to exploring the direct relationship between SERVQUAL 5 dimensions (tangibility, reliability, responsiveness, assurance and empathy) and customer satisfactions that leads to customer loyalty among the young consumers. Perceived value as moderator serves the relationship between customer satisfaction and customer loyalty.

Through the results of the Partial Least Squares – Structural Equation modelling (PLS-SEM) analysis, it was found that out of the seven hypothesis, only four hypothesis were found to be supported and relevant and they are H2 (reliability and customer satisfaction), H4 (assurance and customer satisfaction), H5 (empathy and customer satisfaction) and H6 (customer satisfaction and customer loyalty).

Three of the hypothesis namely H1 (tangibility and customer satisfaction), H3 (responsiveness and customer satisfaction) and H7 (moderator of perceived value towards customer satisfaction and customer loyalty), were found to be not supported and relevant. An in-depth analysis of the main results will be presented as below.

5.2.2 On Tangibility and Customer Satisfaction

Contrary to expectations, the analysis results show no significant relationship among the young consumers between tangibility and customer satisfaction in the courier service industry thus, Hypothesis 1 is not supported. This contradicts with the previous studies that shows a strong relationship between tangibility and customer satisfaction and past researchers that mentioned a friendly appearance of employees can create a lasting impression on customers (Du Plooy & De Jager, 2007; Makanyeza & Chikazhe, 2017).

Tangibles refer to aspects of a service that can be perceived without the need for purchase. By focusing on the 'visible' elements of the service, companies can enhance customer satisfaction. The quality of a service, as judged by customers, is determined by comparing the tangibles related to the services offered, as services are tangible in nature.

Customer assessments of service quality can be influenced by their first impressions and the overall appeal of the preserved area. As a result, tangibility was found to be the aspect with the lowest rating in the study conducted by Brysland and Curry in 2001. Conversely, Abdelhadi (2021) discovered that there was no substantial connection between tangibility and customer satisfaction within the context of Islamic banking in Tunisia. Thus, tangibility and customer satisfaction are not being supported can be defined on this from the result of the hypothesis testing.

Tang et al. (2022) conducted an online survey with 159 participants from Malaysia and Kuwait and found that while tangibility was one of the dimensions examined, it was not identified as a significant factor influencing customer satisfaction. These findings suggest that while tangibility is an important aspect of service quality, its influence on customer satisfaction may not be as significant as other dimensions. This could imply that customers value the functional aspects of the service more than the physical aspects.

5.2.3 On Reliability and Customer Satisfaction

Reliability plays a pivotal role in shaping customer satisfaction within the various facets of service quality, as highlighted in the work of Zhang et al. (2019). It signifies a commitment to delivering promised services and contributes to the precision of operations, as emphasized by Devesh (2019). The key attributes of a reliable service encompass accuracy and consistency in service delivery, as articulated by Blut (2016). When customers perceive a service as falling short, they are less likely to adhere to established service standards, as noted by Hamzah et al. (2017). According to the findings of Peng and Moghavvemi's (2015) research, critical elements for customer retention include the timely processing of orders, safeguarding financial records, providing reliable financial reports and ensuring the delivery of promised services, all of which constitute fundamental aspects of reliability.

The results of the statistical analysis indicate a significant correlation among young consumers between reliability and customer satisfaction in the courier service industry. This aligns with prior studies, supporting Hypothesis 2, which posits that reliability can indeed lead to customer satisfaction.

5.2.4 On Responsiveness and Customer Satisfaction

The dimension of responsiveness is indicative of the promptness of employees in providing adequate and timely help (Endara et al. 2019). Responsiveness is defined as the capability to complete given tasks, either manually or electronically, within the stipulated time (Uddin et al. 2015). However, studies by Yun and Park (2022), Famiyeh et al. (2018), and Fida et al. (2020) did not find a significant correlation between responsiveness and customer satisfaction. For example, a study conducted by Tang et al. (2022) found that while responsiveness was significantly related to customer satisfaction, it was not the most influential factor. These findings suggest that the relationship between responsiveness and customer satisfaction may be more complex than initially thought. While responsiveness is undoubtedly important, it may not be the only or the most critical factor in determining customer satisfaction. This could imply that courier services should not only focus on being responsive but also on understanding and meeting customer needs.

The analysis results show no significant relationship among the young consumers between responsiveness and customer satisfaction in the courier service industry thus, Hypothesis 3 is not supported.

5.2.5 On Assurance and Customer Satisfaction

Assurance, characterized as the employees' ability, courtesy and competence to instill trust and confidence, is a critical factor, particularly in high-risk industries, as defined by Zeithaml et al. (1990). Industries with elevated risks often place a premium on assurance. Multiple studies have consistently demonstrated a strong positive correlation between assurance and customer satisfaction. The influence of assurance on consumer satisfaction

has been established in various studies, including those conducted by Kant and Jaiswal (2017), Olorunniwo et al. (2006), and Yarimoglu (2014).

The results of the analysis reveal a significant association among young consumers between assurance and customer satisfaction within the courier service industry thus, Hypothesis 4 is supported.

5.2.6 On Empathy and Customer Satisfaction

The dimension of empathy in Service Quality (SQ) within the realm of service marketing primarily focuses on elements such as communication, customer expectations, and positive behavior, as highlighted by Ennew et al. (2013). According to the definition provided by Murray et al. (2019), empathy is the "ability to understand and respond to another individual's mental, emotional, behavioral and experiential states and situations." Consequently, empathy is a nuanced concept that requires comprehension at emotional, cognitive and compassionate levels, as noted by Powell and Roberts (2017). In traditional service environments, the display of empathetic behaviors by employees towards customers has been observed to result in heightened customer satisfaction, as found by Markovic et al. (2018). Additionally, Lee et al. (2011) concluded that employee empathy directly influences the positive emotions experienced by customers and there exists a significant positive correlation between these positive emotions and satisfaction with the employee relationship.

The analysis result show there is significant relationship among the young consumers between assurance and customer satisfaction in the courier service industry thus, Hypothesis 5 is supported.

5.2.7 On Customer Satisfaction and Customer Loyalty

Customer satisfaction is crucial as it provides a metric that marketers and business owners can use to manage and grow their businesses. It is a key factor in the service industry because it fosters customer loyalty (Sze et al., 2012). Loyalty implies that a customer continues to purchase or stick with a specific product model for an extended period and maintains a positive outlook towards the business and its offerings (Otsetova, 2017).

Customer satisfaction can persist until a more competitive service emerges, providing superior quality and pricing. Customers might hold a favorable perception of a company but may not be content with its services, and the reverse scenario is also possible. This highlights the crucial need for companies to effectively prioritize customer care, given that customers serve as the primary revenue source. Despite the industry's rapid growth, courier services in Malaysia must continuously strive for competitiveness, as customers are keen on obtaining the optimal value for their time, money, and efforts. Even with established guidelines for achieving maximum customer satisfaction, courier services face challenges in consistently meeting these standards.

The analysis results show there is significant relationship among the young consumers between customer satisfaction and customer loyalty in the courier service industry thus, Hypothesis 6 is supported.

5.2.8 On Perceived Value Moderates the Relationship between Customer Satisfaction and Customer Loyalty

Perceived value is defined as the comprehensive assessment by consumers of a product's utility, rooted in their perceptions of what they receive in comparison to what they

contribute (Zeithaml, 1988). While prior research has acknowledged customer value as a significant factor influencing both customer satisfaction and loyalty (El-Adly, 2019; Tu et al., 2013; Hu, 2011; Setiowati and Putri, 2012; Ishaq, 2012; Hu, 2011), the results of the analysis indicate that there is no substantial relationship among young consumers regarding the moderating role of perceived value in the connection between customer satisfaction and customer loyalty in the courier service industry. Therefore, Hypothesis 7 is not supported.

This could be attributed to the fact that young consumers may be considering other factors, such as price sensitivity, trust in specific courier service brands, the proximity of the nearest courier service providers, and other variables, rather than solely relying on perceived value in their assessment.

Table 5.1: Hypothesis and summary results of Direct Relationship

Hypothesis	Results
H1 – There is relationship between tangibility and customer satisfaction	Not supported
H2 – There is relationship between reliability and customer satisfaction	Supported
H3 - There is relationship between responsiveness and customer satisfaction	Not supported
H4 – There is relationship between assurance and customer satisfaction	Supported
H5 – There is relationship between empathy and customer satisfaction	Supported
H6 – There is relationship between customer satisfaction and customer loyalty	Supported
H7 – There is relationship between perceived value that moderated the relationship between customer satisfaction and customer loyalty	Not supported

5.3 Implications

The study makes significant practical and theoretical contributions to the field of customer satisfaction and loyalty in the courier service industry. It not only provides valuable insights for practitioners and policymakers but also advances academic understanding of the topic.

5.3.1 Theoretical Implication

The study adds to the existing body of knowledge on customer satisfaction and loyalty in the courier service industry. It provides empirical evidence on the factors influencing these constructs among young consumers in Malaysia, filling a gap in the literature.

The study's findings can contribute to the development of theories on customer satisfaction and loyalty. It can provide a basis for the formulation of new hypotheses and the refinement of existing theories.

The study methods used in the study can serve as a reference for future studies in the field. They can guide researchers in designing their studies and choosing appropriate data collection and analysis techniques.

The SERVQUAL model, which measures service quality across five dimensions - reliability, assurance, tangibles, empathy and responsiveness, can offer significant theoretical implications for this study. This study's findings align with the SERVQUAL model, and it reinforce the model's applicability in the courier service industry among young consumers in Malaysia. Young consumers value reliability, assurance, empathy and customer service to loyalty thus, it would suggest that these dimensions are crucial for customer satisfaction and loyalty.

On the other hand, the study's findings diverge from the SERVQUAL model - for example, tangibility, responsiveness and perceived value as moderator towards customer satisfaction and loyalty are found to be insignificant and not supported in this research findings thus, it could suggest a need to revise or expand the model within this specific context.

The applicability of the SERVQUAL model could be explored more extensively by incorporating perceived value as a moderator. Perceived value, characterized as the consumer's comprehensive evaluation of a product or service's utility, considering what is received and what is given, does not indicate support for moderating the relationship between service quality and the progression from customer satisfaction to loyalty. In other words, even if there are shortcomings in service quality, young consumers who perceive greater value from the courier service may not necessarily be satisfied.

5.3.2 Practical Implication

The findings of this study can help courier companies in Malaysia to better understand the factors that influence customer satisfaction and loyalty. This can guide the development of more effective customer strategies, leading to improved customer retention and profitability.

The study provides a benchmark for courier companies to assess their performance in terms of customer satisfaction and loyalty. The insights gained from the study can be used to identify areas of improvement and implement necessary changes.

The study's findings can inform policy development in the courier service industry. Policymakers can use the insights to create regulations that promote customer satisfaction and loyalty, contributing to the overall growth and sustainability of the industry.

5.4 Limitations of the Study

The study was conducted within a specific timeframe. This temporal limitation may have influenced the comprehensiveness and depth of the research. Customer satisfaction and loyalty are dynamic constructs that can change rapidly in response to market trends,

customer preferences and competitive strategies. Therefore, the findings of the study, while valid during the period of research, may not hold true in a different time context.

The study was conducted in Malaysia, a country with its unique cultural, economic, and regulatory environment. These factors can significantly influence customer expectations, perceptions and behaviors. Therefore, the findings of the study may not be generalizable to other countries or regions.

The study focused on the courier service industry. While this focus allows for an in-depth understanding of the industry-specific factors affecting customer satisfaction and loyalty, it also limits the applicability of the findings to other industries. Customer satisfaction and loyalty are influenced by a multitude of factors, some of which may be unique to a particular industry.

The study may not have controlled for external factors such as economic conditions, technological advancements and changes in consumer behavior. These factors can significantly impact customer satisfaction and loyalty, and their omission may limit the explanatory power of the study.

5.5 Recommendation for Future Studies

Given the dynamic nature of customer satisfaction and loyalty, future study could benefit from a longitudinal study design. This would allow researchers to track changes in these constructs over time and establish causal relationships between variables. It would also provide insights into how customer satisfaction and loyalty evolve in response to changes in market trends, customer preferences and competitive strategies.

To enhance the external validity of the findings, future study could explore customer satisfaction and loyalty in different geographical contexts. Cross-cultural studies would

provide insights into how cultural, economic and regulatory differences influence customer expectations, perceptions and behaviors. They would also allow for the comparison of findings across different countries or regions.

Future study could investigate customer satisfaction and loyalty in other industries. This would provide a more comprehensive understanding of these constructs and identify industry-specific factors that influence them. It would also allow for the comparison of findings across different industries.

Future study could incorporate external factors such as economic conditions, technological advancements and changes in consumer behavior into the study design. This would enhance the explanatory power of the study and provide a more realistic picture of the factors that influence customer satisfaction and loyalty.

Also, future study could address the methodological limitations identified in the study by using validated data collection tools, ensuring an adequate sample size, increasing the response rate, and employing robust statistical analysis techniques. This would enhance the reliability and validity of the findings and the conclusions drawn from the study.

In conclusion, while the study provides valuable insights into customer satisfaction and loyalty among young consumers in the Malaysian courier service industry, there is ample scope for future studies. By addressing the limitations of the study and incorporating the above recommendations, future study can contribute to a deeper and more comprehensive understanding of customer satisfaction and loyalty.

5.6 Conclusion

This comprehensive study on the Malaysian courier service industry, particularly focusing on young consumers, has revealed significant insights into customer satisfaction

and loyalty. The research identified five key dimensions of service quality - reliability, assurance, tangibles, empathy, and responsiveness - that significantly influence customer satisfaction and loyalty. Among the seven hypotheses tested, four (reliability, assurance, empathy, and customer satisfaction) were confirmed as significant predictors of customer loyalty.

Interestingly, the study found that perceived value, while influencing customer satisfaction and loyalty, does not play a substantial moderating role in this relationship within the context of the Malaysian courier service industry. This suggests that customers may place more emphasis on the direct effects of service quality dimensions on satisfaction and loyalty.

The unexpected finding regarding the non-significant moderating effect of perceived value opens new avenues for future research. Further studies could explore the reasons behind this result and examine perceived value in different contexts or industries, contributing to a deeper understanding of customer satisfaction and loyalty dynamics.

The study also underscores the continuous need for learning and adaptation in achieving customer satisfaction and loyalty in the courier service industry. It highlights the importance of adopting customer-centric approaches to augment customer satisfaction and loyalty.

This study has made significant contributions to understanding customer satisfaction and loyalty among young consumers in the Malaysian courier service industry. It advises courier service providers to carefully consider the dimensions of service quality, perceived value, and customer satisfaction in their strategies. By doing so, they can enhance customer loyalty, fostering sustainable growth and success in a highly competitive industry. The

findings of this study are expected to serve as a valuable resource for both academics and industry practitioners, laying the groundwork for future research in this domain.

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APPENDIX

UNIMAS UNIVERSITI MALAYSIA SARAWAK | FACULTY OF ECONOMICS & BUSINESS

BEYOND THE LENS OF COURIER SERVICE INDUSTRY: UNDERSTANDING CUSTOMER SATISFACTION AND LOYALTY AMONG YOUNG CONSUMERS IN MALAYSIA.

Dear Respondent,

First of all, thank you for your time for taking part in this survey. The main purpose of this survey is to measure the understanding of customer satisfaction and loyalty among young consumers in Malaysia in the context of courier service industry.

For your kind information, this research is purely academic research for DBA research at Faculty of Economics and Business (FEB), Universiti Malaysia Sarawak (Unimas).

There is no right or wrong answer in this questionnaire. We are merely interested to know your opinion and suggestions. Kindly complete the questionnaire based on your honest opinion.

The target respondents for this survey must fulfill all three (3) of the following requirements:

i) Must be a Malaysia citizen.

ii) Must be adult from the age of 18 to 35 years old.

iii) Must have the experiences of using courier services for the past 12 months / 1 year.

We guarantee your utmost confidentiality of whatever information you provide, and no source of personal data will be identified during the aggregation of the data.

Your valuable time and kind cooperation in completing the attached questionnaire is highly appreciated. Should you have any concern or further clarification, please do not hesitate to contact me at 016-8687851 (Ms Belinda).

Again, thank you for your precious time and kind cooperation.

Regards,
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PRE-LIMINARY QUESTIONS: The following questions serve as a confirmation of whether you are eligible to answer all questions in this survey. Please mark ☑ in the relevant boxes to indicate your response.

P1. Are you a Malaysian adult (18 to 35 years old)? ☐ Yes *Ya* ☐ No *Tidak*

P2. Have you used the service of courier for the past 12 months? ☐ Yes *Ya* ☐ No *Tidak*

Important note: If you answer "NO" to any of the question above, your survey ended here. Thank you for your time and cooperation.

SECTION A: Socio-Demographic Profile
In this section, we would like you to kindly provide some information about yourself. This is just meant for analysis and will be kept strictly confidential.
Please mark ☑ in the relevant boxes to indicate your response.

A1. Gender: ☐ Male ☐ Female

A2. Age (Years): ☐ 18-20 ☐ 21-25 ☐ 26-30 ☐ 31-35

A3. Ethnicity: ☐ Malay ☐ Chinese ☐ Indian ☐ Bumiputera (Sabah) ☐ Bumiputera (Sarawak) ☐ Others (Please specify): _____

A4. Current state of residence: ☐ Kuala Lumpur ☐ Sabah ☐ Penang ☐ Sarawak ☐ Others (Please Specify): _____

A5. Marital Status:

- ☐ Single
- ☐ Married
- ☐ Divorced
- ☐ Others (Please specify): _____

A6. Current Occupational Status:

- ☐ Unemployed
- ☐ Student
- ☐ Own Business
- ☐ Government Sector
- ☐ Private Sector
- ☐ Early Retirement
- ☐ Others (Please Specify): _____ _____

A7. Monthly *Household Income:

- ☐ RM 3000 and below
- ☐ RM3001-RM6275
- ☐ RM6276-RM13,148
- ☐ RM13,149 and above

* *"Household income" refers to total incomes received (accrued) by members of households, both in cash or in kinds which occur repeatedly within the reference period (within a year, or more frequently).*
(Source: Official Portal, Department of Statistics Malaysia)

A8. Highest level of education:

- ☐ SPM (and equivalent) and below
- ☐ Diploma and equivalent
- ☐ Bachelor Degree and equivalent
- ☐ Master's Degree and equivalent
- ☐ PhD and equivalent
- ☐ Others (Please specify): _____

A9. Past months of using courier service:

- ☐ 3 months
- ☐ 6 months
- ☐ 9 months
- ☐ 12 months

Section B: Measurement of items and constructs

On a scale of 1 to 7, how satisfied are you with the courier service companies in Malaysia?

1 (Strongly Disagree) 2 (Disagree) 3 (Slightly Disagree) 4 (Neutral) 5 (Slightly Agree)
6 (Agree) 7 (Strongly Agree)

Tangibility Dimension		1	2	3	4	5	6	7
T1.	The physical facilities of the courier service company are visually appealing.							
T2.	The courier service has modern looking equipment.							
T3.	The appearance of the courier service's personnels is neat.							
T4.	The materials associated with courier service (such as pamphlets or statements) are visually appealing.							
Reliability Dimension								
R1.	When the courier service personnels promises to do something by a certain time, it does so.							
R2.	When a customer has a problem, the courier service shows a sincere interest in solving it.							
R3.	The courier service performs the service right the first time.							
R4.	The courier service provides the necessary services and products that is relevant to the customer.							
R5.	The courier service keeps accurate records for its reference purposes.							
Responsiveness Dimension								
Re1.	The employees of the courier service tell customers exactly when services will be performed.							
Re2.	The employees of the courier service give prompt service to customers.							
Re3.	The employees of the courier service are always willing to help customers.							
Re4.	The employees of the courier service are never too busy to respond to customers' requests.							
Assurance Dimension								
A1.	The behavior of the employees of the courier service instills confidence in customers.							
A2.	Customers feel safe in their transactions with the courier service.							
A3.	The employees of the courier service are consistently courteous with customers.							
A4.	The employees of the courier service have the knowledge to answer customers questions.							
Empathy Dimension								
E1.	The courier service gives customers individual attention.							
E2.	The employees of the courier service deal with customers in caring fashion.							
E3.	The employees of the courier service have customer's best interest at heart.							

E4.	The employees of the courier service understand the specific needs of their customers.							
E5.	The operating hours of the courier service are convenient for all its customers.							
Customer Satisfaction								
CS1.	Overall, how satisfied are you with the courier service?							
CS2.	How well did the courier service meet your expectations?							
CS3.	How likely are you to use this courier service again in the future?							
Customer Loyalty								
CL1.	How likely are you to recommend the courier service to others?							
CL2.	How likely are you to choose this courier service over other available options?							
Cl3.	How committed are you to continuing to use the courier service in the future?							
Perceived Value								
PV1.	Does the value of the services provided by the courier service justify the cost?							
PV2.	Compared to other available options, do you believe that the courier service offers a good value for the money?							
PV3.	How important is perceived value in your decision to continue using the courier service?							

End of survey. Thank you for your participation.