

**ASSESSMENT OF SERVICE QUALITY AND
CUSTOMERS' SATISFACTION IN CLS LOGISTICS
PLC.**



**St. Mary University
School of Graduate Studies**

**A Thesis Submitted to St Mary University School of Graduate Studies in
Partial Fulfillment of the Requirements for the Degree of Master of Arts in
Marketing Management**

Prepared By: Wongel Yohannes

ID-SGS-0419/2011A

Thesis advisor: Zemenu Aynadis (Ass. Prof.)

**August 2020
Addis Ababa**

DECLARATION

I, Wongel Yohannes, hereby declare that this thesis titled, ‘Assessment of Service Quality and Customers’ Satisfaction in CLS Logistics Plc is my original work. I have carried out the present study independently with the guidance and support of my research advisor, Mohammed Mohammed (assistant professor). Any other research or academic sources used here in this study have been duly acknowledged. Moreover, this study has not been submitted for the award of any Degree or Diploma Program in this or any other institution.

Wongel Yohannes

August 2020

Student

Signature

Date

ST. MARY'S UNIVERSITY COLLEGE

SCHOOL OF GRADUATE STUDIES

ASSESSMENT OF SERVICE QUALITY AND CUSTOMERS' SATISFACTION IN CLS LOGISTICS PLC.

Approved by Board Examiners

Advisor

Signature

Date

Internal Examiner

Signature

Date

External Examiner

Signature

Date

ACKNOWLEDGEMENTS

First glory to God who gave a strength and courage in every step of my life. I would like to express my deepest gratitude to my advisor, Zemenu Aynadis (Ass. Prof.) for his valuable guidance and support in the preparation of this study.

Furthermore, I would like to acknowledge with much appreciation to my friends and colleagues for their full engagement in the distribution and collection of questionnaires and of course to all survey respondents for their willingness and participation in the survey, but mostly my family whose support kept me going.

Table of Content

ACKNOWLEDGEMENTS	0
ABSTRACT.....	8
CHAPTER ONE.....	9
INTRODUCTION	9
1.1 Background of the Study.....	9
1.2 Statement of the problem	11
1.3 Research Questions	12
1.4 Research Objective.....	13
1.4.1 General objective	13
1.4.2 Specific objectives	13
1.5 Significance of the study	13
1.6 Scope and Limitation of the Study.....	13
1.6.1 Scope of the Study	13
1.6.2 Limitation of the Study	14
1.7 Organization of the study	15
CHAPTER TWO	16
REVIEW OF RELATED LITERATURE	16
2.1. Theoretical Literature	16
2.2. Empirical Literature.....	32
2.3. Research framework.....	33
CHAPTER THREE	39
RESEARCH METHODOLOGY.....	39
3.1. Research Approach	39
3.2. Research Design.....	40
3.3. Target Population, Sampling Size and Sampling Techniques	40
3.4. Data Type, source and Data Collection Instrument	41
3.5. Data Analyzing Technique.....	41
CHAPTER FOUR.....	42
DATA ANALYSIS AND PRESENTATION	42
CHAPTER FIVE	49
CONCLUSION AND RECOMMENDATION.....	49
Reference	52

Appendix: Questionnaire 56

List of Tables

Table 1. LSQ Dimension 19
Table 2. Demographics of respondents.....42
Table 3. Respondents’ level of familiarity.....43
Table 4: Customer Satisfaction level with CLS Logistic.....48

List of Figures

Figure 1: Conceptual framework of the study.....	37
Figure 2: Tangibility Analysis.....	43
Figure 3: Reliability Analysis.....	44
Figure 4: Responsiveness Analysis.....	45
Figure 5: Assurance Analysis.....	47
Figure 6: Empathy Analysis.....	47

Acronyms

ISO: International Organization for Standardization

SERVQUAL: Service Quality

SPSS: Statistical Product and Service Solutions

ABSTRACT

The importance of service quality for any business performance has been recognized in the literature through the direct impact on customer satisfaction. The paper studied the effect of service quality on customer satisfaction in CLS logistics PLC. SERVPERF model by Cronin and Taylor's (1992) is used to identify the effect and the relationship. Quantitative means of data collection method is employed to collect the data through questionnaire. This study used descriptive and causal research design and both primary and secondary data. The sample consists of 384 respondents selected based on convenience sampling procedure. The collected data was analyzed with the help of SPSS version 20. The finding of this study indicates that customers were most satisfied with the assurance dimensions of service quality and dissatisfied with network quality dimension. The findings of the study also indicated that there are positive and significant relationships between five service quality dimensions and customer's satisfaction. And also except responsiveness all service quality dimensions have positive and significant effect on customer satisfaction. The study recommends that the Company should improve the service quality dimensions especially network quality, responsiveness, empathy and security in order to satisfy customers.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Logistics service quality is considered as a source of competitive advantage of firms, contributing to customer satisfaction and further loyalty (Huiskonen and Pirttilä, 1998; Gotzamani et al., 2010; König and Spinler, 2016). Therefore, it is crucial to assess and improve the level of logistics service quality of firms in comparison to their customers' requirements and satisfaction level (Yang, 2003; Stefansson, 2006).

Nowadays, in the face of ever-growing competition, a primary objective of each company is to meet and even exceed requirements of their customers, what allow to build a strong relationship between company and their customers acc. to Alhuwitat, M.A. Abujarad, Salem, F.SH. (2017) and provides ensure customer loyalty – a main goal of customer relationship management acc. to Asgarpourza et al. (2013).

Quality is one of the most important factors for companies in their relationship between suppliers and customers. It is always relative to a set of inherent characteristics and a set of requirements being defined by given supply chain elements and participants.

There are several definitions of quality. According to American Society for Quality, quality is defined as a subjective term for which each person or sector has its own definition. In technical usage, quality can have two meanings: 1. the characteristics of a product or service that bear on its ability to satisfy stated or implied needs; 2. a product or service free of deficiencies. According to Joseph Juran, quality means "fitness for use;" according to Philip Crosby, it means "conformance to requirements."¹ ISO 8402-19862 standard defines quality as "the totality of features and characteristics of a product or service that bears its ability to satisfy stated or implied needs".

The inclusion of concepts such as service quality and relationship marketing has significantly changed both the academic study and business practice of logistics. Logistics has traditionally been considered necessary for connecting production and consumption. From this perspective, a company's logistics function was seen only as a generator of costs with no capacity for

differentiation (Ballou, 2004). This began to change in the mid-1990s as logistics research based on marketing principles began to analyze the capacity of logistics to deliver quality and thus generate greater customer satisfaction and loyalty (Mentzer et al., 2004; Richey et al., 2007). The logistics industry today is a classic example of service-based industry development (Chapman et al., 2003) and more in-depth studies of logistics are needed from the perspective of supply channel relationships (Lambert, D.M., Knemeyer, A.M. and Gardner, J.T. (2004),).

The origination of service marketing has contributed to the core importance of customer satisfaction through the delivery of service quality. According Parasuraman, identified 97 attributes which were found to have an impact on service quality. These 97 attributes were the criteria that are important in assessing customer's expectations and perceptions on delivered service. (Kumar et al., 2009,). These attributes were categorized into ten dimensions (Parasuraman et al., 1985) and later subjected the proposed 97 item instruments for assessing service quality through two stages in order to purify the instruments and select those with significant influences (Parasuraman et al., 1988,).

The first purification stage came up with ten dimensions for assessing service quality which were; tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding, knowing, customers, and access. They went into the second purification stage and in this stage they concentrated on condensing scale dimensionality and reliability.

A SERVQUAL dimension is a good scale to measure the service quality performance in various specific industries. In this regard, researcher uses this model because it takes deep attention on customer's expectation and perception of service provided at an organization (Shahin, 2005, p.3). Parasuraman's SERVQUAL model is widely used to measure perceived service quality in various industry such as retailing, restaurants, banking, telecommunication, services, airline, catering, hotels, hospitals, automotive, education and so on (Ladhari, 2009). Businesses become more of customer oriented to be able to survive in the market or to have a competitive advantage over others. Customer orientation focuses on retaining market share through high customer satisfaction (Kaur and Sharma, 2009).

As different literatures indicated, logistics service quality highly contributes to the delivery of efficient online service which fulfills customers' requirements and needs. Thus, this study focus on gathering empirical evidences to determine the customer satisfaction level of CLS Logistic PLC users with the logistics service quality provided.

1.2 Statement of the problem

Delivering goods to customers is a critical activity in any business. And the way of performing this core activity matters for the customer. In now a days, people are seeking for more convenience and comfort in their shopping experience, and market strategies are continuously changing to cop up with this customer needs. (Huang, Kuo and Xu, 2009)

In our dynamic world, way of business making process is being changed from time to time and the introduction of new technologies takes the largest contribution for this evolvement. Now, businesses are more of customer oriented and try to fulfill their customer demand before their competitors do, otherwise, they will be out of market as customers have options to get what they want. (Hana Alemu, 2016)

“Challenge is not in creation of the high quality services and making customers be satisfied, because many competitors are able to do that, but in making loyal and profitable customers. Loyalty means that customer, during a longer period of time, buys and uses specific service structure and has positive attitudes towards company and its offers. Companies are in constant dilemma about what shall be done in order to gain true and loyal customers. Everybody agrees that service quality and satisfaction are main prerequisites for customer loyalty. If customer is satisfied, it’s logical that he should buy - use the same service of a company again. However, that doesn’t happen always, since satisfaction is not the only prerequisite for loyalty. A customer can be satisfied until a competitive service appears the quality and price of which are more attractive. A customer too can have positive attitudes toward a company and not to be satisfied with a service and vice versa. That means that satisfied customer still can change a company. It is necessary to bear in mind that modern customers are rarely characterized with lifetime loyalty, or any other kind of loyalty for that matter, to one offer or one company.” (Milan Andrejić, 2016)

Namely, in marketing literature customer loyalty is considered to be one of the main repercussions of service quality and customer satisfaction. The greatest number of studies in the past dealt with quality – satisfaction relation and today, scientific focus is redirected from satisfaction over loyalty to company’s profit. Profit degree increase is the main aim of all the activities from the service quality and customer satisfaction management domain. Available scientific researches strongly support thesis on positive impact of service quality and customer

satisfaction on customer's intended behavior (for example Parasuraman et. al. 1994). In order to more precisely examine the impact of service quality on customer quality and provider's business success, one should, in the chain of satisfaction and profit, examine relations between: quality and satisfaction and loyalty of service. Croinin i Taylor (1992) identified positive correlation between service quality and future purchase intension. Parasuraman et al. (1994) in many studies found positive side of relation between customer's perception of service quality and competence to recommend Service Company to acquaintances. Similar to Boulding el al. (1993) they confirmed positive correlation between service quality, future purchase intention and recommendation giving.

The gap is how comprehension of logistics service quality impact loyalty and satisfaction between logistics provider and customer. Conclusion can be made that the more positive the logistics service perception is, the greater the satisfaction. However, in reality, the relations are more complex because, besides the quality, a series of other dimensions have an impact on satisfaction and loyalty. In the next part of the paper the conceptual model is presented that explains in detail relations between logistics service quality, customer satisfaction and loyalty.

The study will mainly focus on determining the customer satisfaction level of CLS Logistics PLC customers by using standard measurement of logistics service quality and it also identifies the logistics service quality dimensions that affect the customer satisfaction most. And this research will bridge the literature gap in this area by providing empirical evidence on implication of logistics service quality dimensions on customer satisfaction level.

1.3 Research Questions

The following research questions are developed to be answered as a result of the study

1. What is the level of reliability of service of CLC logistics P.L.C?
2. What is the level of tangibility of service of CLC logistics P.L.C?
3. What is the level of empathy of service of CLC logistics P.L.C?
4. What is the level of responsiveness of service of CLC logistics P.L.C?
5. What is the level of assurance of service of CLC logistics P.L.C?
6. What is the level of customers' satisfaction of CLC logistics P.L.C?

1.4 Research Objective

1.4.1 General objective

The general objective of the study is to assess the satisfaction level of CLS Logistics with its logistics service qualities provided.

1.4.2 Specific objectives

In addition of attending the general objective, the study has the following specific objectives:

- To assess the level of reliability of service quality of CLS logistics P.L.C.
- To assess the level of tangibility of service quality of CLS logistics P.L.C.
- To assess the level of empathy of service quality of CLS logistics P.L.C.
- To assess the level of responsiveness of service quality of CLS logistics P.L.C.
- To assess the level of assurance of service quality of CLS logistics P.L.C.
- To assess the level of customers' satisfaction of CLS logistics P.L.C.

1.5 Significance of the study

The study of customer satisfaction is critical for any organization to provide superior service for their customers, especially for Logistics services providers. This study has both practical and theoretical significance. The findings of this research help CLS Logistics to understand its customers' attitude towards the logistics service provided.

The other major significance is this study contribute its part in the literature of customer satisfaction survey with the logistics service quality that pave a way for further improvement and in-depth investigation on the impact of logistics service for customer satisfaction.

It is also important for me to conduct the study for fulfilling the requirement of Marketing and Management thesis.

1.6 Scope and Limitation of the Study

1.6.1 Scope of the Study

1.6.1.1. Geographical Scope:

The study investigate only a selected area of Addis Ababa, the researcher may not represent effect of service quality on customer satisfaction in Logistics services located in other areas of

the country or outside of Addis Ababa, because of the shortage of money, time and on conducting the research.

1.6.1.2 Conceptual Scope

The study focus on the assessment of service quality on customer satisfaction using CLS Logistics Service Company as a Case Study. It assess and evaluates the effectiveness of service quality on customer satisfaction.

1.6.1.3 Methodological Scope

Non-probabilistic sampling technique with a combination of purposive and convenient sampling methods employed to get response from the study participants. Because possible respondents were reached at the convenience of the researcher and collaborators in data collection in different areas. Then possible respondents were asked to answer how long it has been since their last purchase from CLS Logistics PLC and respondents who had made a purchase recently, a maximum of six months back, are requested to fill the questionnaire. Primary data obtained through self-administered questionnaires to selected customers. Self-administered questionnaires are a useful way of collecting data. Sreejesh, Mohapatra and Anusree (2014) describe the advantages of self-administered questionnaires as being less expensive to administer, helps to eliminate the possibility of interviewer bias and derives more honest feedback than methods that involves interview. And the secondary data gathered through critical evaluation of reference of books, published and, unpublished materials and other relevant written materials.

1.6.2 Limitation of the Study

With all its significance mentioned, this study have some drawbacks or limitations which have negative impact. The major limitation of this research was the fact that it is hard to collect data because of COVID-19, unable to easily access to recorded document and material that are significant for the study, But, to cope up this limitation, the researcher accompanied every questionnaire with an official letter to clarify on the objectives of the research as well giving an assurance of it being for academic purposes only.

1.7 Organization of the study

The introduction part of the study discussed in chapter one. Back ground information, problem statement, research questions, objective of the study, significance and delimitation of the study discussed in this chapter.

In the next chapter, chapter two, existing literatures related to logistics service quality and customer satisfaction assessed. CLS Logistics brief background information presented and theoretical frame work on the relationship between customer satisfaction and logistics service quality developed.

The third chapter discussed about the methodology of the research. The research design and research methods explained in this chapter starting from how the data collection instrument is prepared to how the collected data is analyzed.

The following chapter, chapter four, discuss the empirical findings and analysis of the study with interpretations. And the last chapter, chapter five, present conclusion based on the analysis result and recommendations provided by the researcher.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Theoretical Literature

2.1.1 Service quality

Different scholars describe service quality in different ways, justifying with different point of views. Wisniewski (2001) stated that service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either.

GhoDisagreeian, Speller and Jones (1994) describes that though there are many definitions of “quality”, because quality have different meaning for different people, it is possible to classify the definitions of “quality” into five broad categories. The five generic categories are:

Quality as Transcendent: - here “quality” is defined as innate excellence, meaning

“Quality” is the relationship between individual salience and the perceived quality

Quality as Product led: - here “quality” is defined as the units of goodness packed into a product or service.

Quality as Process or supply led: - in this approach, “quality” is defined as

“Conformance to requirements”.

Quality as Customer led: - here the focus is external, “Quality” is defined as

“Satisfying customer’s requirements” or “fitness for purpose”

Quality as Value led: - here “Quality” is defined either as the “cost to the producer and price to the customer” or as “meeting the customer’s requirements in terms of quality, price, and availability.

Most of the service quality definitions fall within the “customer-led” category (GhoDisagreeian *et al.*, 1994). And they have defined quality as it is a measure of the extent to which the service delivered meets the customer’s expectations.

Parasuraman, Zeithaml and Berry (1985) defined service quality as ‘a function of the differences between expectation and performance along the quality dimensions’. And Cronin and Taylor (1994) viewed service quality as a form of attitude representing a long run overall evaluation.

GhoDisagreeian *et al.* (1994) have explain that perception of quality is influenced not only by the “service outcome” but also by the “service process”. They have presented perceived service quality is the summation of prior customer expectation, actual process quality and actual outcome quality.

2.1.1.1 Service quality models

Measuring service quality is difficult because of the unique characteristics of intangibility, heterogeneity, inseparability and perishability (Buttle, 1996) (GhoDisagreeian *et al.*, (1994). Over the years, different service quality determinates and model have been identified and explained, some of them are explained below:

2.1.1.1.1 Technical and functional quality model

According to Grönroos (1984), Service quality has three components, namely: technical quality; functional quality; and image:

The technical quality: - is the actual outcome of the service encounter. It is the quality of what consumer actually receives as a result of his/her interaction with the service firm and is important to him/her and to his/her evaluation of the quality of service. It answers the questions of *what* the customer gets.

The functional quality: - is concerned with the interaction between the provider and recipient of a service and is often perceived in a subjective manner. It answers the question of *how* the customer gets the technical outcome.

The corporate image: - is concerned with consumers’ perceptions of the service organization. The image depends on: technical and functional quality; price; external communications; physical location; appearance of the site; and the competence and behavior of service firms’ employees

2.1.1.1.2 GAP model

Service quality is a function of the differences between expectation and performance along the quality dimensions (Parasuraman *et al.* 1985). They mentioned the presence of five gaps that have an influence over the perception of quality:

Gap 1. Consumer expectations vs management perceptions.

Gap 2. Management perceptions vs service quality specifications.

Gap 3. Service quality specifications vs service encounter process.

Gap 4. Service encounter process vs outsider communication.

Gap 5. Expected service vs perceived service

GhoDisagreeian *et al.* (1994) describes this model as a diagnostic tool. They said, if it is used properly, it will enable the management to identify systematically service quality shortfalls since it facilitates the identification of gaps between a numbers of variables affecting the quality of the offering.

2.1.1.1.3 SERVQUAL Model

SERVQUAL Model was first introduced by Parasuraman *et al.* in 1985. The model has been further developed through a series of publications. This service quality model is founded on the view that the customer's assessment of service quality is paramount. This assessment is conceptualized as a gap between what the customer expects from service providers, and their evaluations of the actual performance the service provider.

Ten components of perceived service quality were identified in the first formulation of SERVQUAL model by Parasuraman *et al.* (1985):

Reliability: involves consistency of performance and dependability.

Responsiveness: concerns the willingness or readiness of employees to provide service.

Competence: means possession of the required skills and knowledge to perform the service.

Access: involves approachability and ease of contact.

Courtesy: involves politeness, respect, consideration, and friendliness of contact personnel.

Communication: means keeping customer informed in language they can understand, and listening to them.

Credibility: involves trustworthiness, believability, honesty.

Security: is freedom from danger, risk, or doubt.

Understanding/Knowing the customer: involves making the effort to understand the customer's needs.

Tangibles: includes the physical evidence of the service.

In their 1988 work, they have minimized these components into five dimensions:

Tangibility, reliability, responsiveness, assurance, and empathy.

Tangibility dimension refers to the appearance of physical facilities, equipment, personnel and communication materials

Reliability dimension refers to the ability to perform the promised service dependably and accurately

Responsiveness dimension refers to the willingness to help customers and to provide prompt service

Assurance dimension refers to the knowledge and courtesy of employees and their ability to convey trust and confidence

Empathy dimension refers to the provision of caring, individualized attention to customers

2.1.1.1.4 SERVPERF model

Cronin and Taylor (1992) have developed and tested a performance-based alternative for SERVQUAL measure, called SERVPERF. To investigate and validate their claim, they have gather response on the service quality offered by two firms in four industries (banking, pest control, dry cleaning and fast food). Accordingly, they have found that SERVPERF is a better predictor of perceived service quality than SERVQUAL. Their findings support that performance measurement of service quality is better predictor and therefore, no need to assess the expectation measurements as it was suggested on SERVQUAL model.

Finally, Cronin and Taylor (1992) concluded that performance-based scale developed (SERVPERF) is efficient compared to the SERVQUAL scale; since it reduces the number of items by 50% and the empirical finding also supports the theoretical superiority of the SERVPERF scale.

2.1.2 Logistics service quality

Logistics has traditionally been considered as a necessity for connecting production and consumption (Saura, Frances, Contri, & Blasco, 2008). From this perspective, a company's logistics function was seen only as a generator of costs with no capacity for differentiation (Ballou, 2004; cited in Saura *et al.* (2008)). This began to change in the mid-1990s as logistics research based on marketing principles began to analyze the capacity of logistics to deliver quality and thus generate greater customer satisfaction and loyalty (Mentzer *et al.*, 2001; Mentzer *et al.*, 2004).

Logistics service quality has been studied from two different perspectives which is objective quality and subjective quality (Chin *et al.*, 2013; Saura *et al.*, 2008).

Objective perspective of quality relates quality with adapting the service to service provider defined specifications. This industrial view of service sees quality as an accurate evaluation of all the stages and operations necessary to deliver the service, considering the service as a physical object which can be observed and with attributes that can be evaluated.

Subjective perspective of quality transfers evaluation of quality to the customer.

From this perspective, service quality is “a global judgment or attitude, concerning the superior nature of the service” (Chin *et al.*, 2013; Saura *et al.*, 2008).

Bienstock, Mentzer and Bird (1997), contributes for the identification of objective variables for the measurement of customers' perceptions in relation to their expectations as the main components of Logistics Service Quality. More recent study of Mentzer *et al.*, (2001), contribute to this line by considering logistics service quality as the difference between the expected and the perceived service.

Logistics specific measurement models are being developed on the basis of the above models, which is adapted to the special features/attributes of logistics service (Saura *et al.*, 2008). According to Chin *et al.* (2013), these views of logistics service provide the building blocks to create a customer-based foundation for better definitions and measures of LSQ.

Chin *et al.* (2013) and Saura *et al.* (2008), underline two important contributions from Bienstock *et al.* (1997) and Mentzer *et al.* (1999). Bienstock *et al.* (1997) developed a specific model known as physical distribution service quality, based on result, rather than on functional or process dimensions. And Mentzer *et al.* (1999) carried out a study to confirm the accuracy of the model developed by Bienstock *et al.* (1997) with an integral logistics focus. This revision and validation provided a new multidimensional model which they called Logistics Service Quality that have both aspects of physical distribution and customer elements.

2.1.2.1 Logistics service quality model

Mentzer *et al.* (2001) describes that logistics service quality have two components physical distribution service and marketing customer service. Combining these two components they identified 9 dimensions of logistics service quality: personnel contact quality, order release quantities, information quality, ordering procedure, order accuracy, order condition, order quality, order discrepancy handling, and timeliness. They developed a 25 item instrument to measure customers' perceptions of the nine dimensions of logistics service quality. Two or three numbered items are used to measure each dimension.

Table 1: LSQ Dimensions

Dimensions	Definition	Item in scale
Tangibility	Tangibles as physical facilities (equipment, personnel, and communications materials). It is the physical image of the service that customers will use to assess quality. Tangibles are associated with the physical facilities, tools, and machines used in order to provide the service, as well as representations of the services, such as statements, cards (debit and credit), speed, and efficiency of transactions. Several privileges are included in tangibles such as; external appearance, counters in the bank, overdraft facilities, opening hours, and speed and efficiency of transactions.	3

Reliability	Means organizations perform a service correctly the first time. Moreover, it shows that organizations strive to fulfill promises and pay attention to the results. Reliability has been classed as the first dimension of the SERVQUAL service quality model. Studies of Lam ranked reliability as first in the dimensions of the service quality model.	3
Responsiveness	Parasuraman et al.] Highlighted that the responsiveness of willing employees involves telling customers exactly when things will be done, giving them undivided attention, promoting services, and responding in accordance with their requests. Responsiveness was ranked as the third dimension in SERVQUAL 1994.	2
Assurance	Assurance has been defined as employees' courtesy and knowledge, and their capacity to transfer confidence and trust to customers. Assurance means keeping customers informed in their native language and listening to them, regardless of their educational level, age, and nationality. Parasuraman et al. states that assurance indicates the attitudes of the employees and their behavior, and the staff's ability to provide friendly, confidential, courteous, and competent services	2
Empathy	Customers need to feel that they are made priority by the organization providing services. Empathy means caring, paying personal attention, and providing services to customers. The core of empathy is conveying the feeling that the customer is unique and special. Parasuraman et al. stated that quantitative studies that have identified service quality model dimensions have used security, credibility, and access to measure empathy.	3

2.1.3 Online logistics service quality

The generalized use of information and communication technologies (ICT) has brought far reaching transformations to different business areas including logistics activities. The use of ICT in logistics has been truly revolutionary, especially in terms of improving LSQ for the customer (Saura *et al.*, 2008.)

Internet has not only had an important impact on consumers' ordering processes, making it cheaper and faster and transcending time and geographical constraints, but has also had a

significant impact on the business model of physical retail stores. Establishment of the Internet has created enormous potential business opportunities for e-commerce (Chen *et al.*, 2014)

With the rapid development of e-commerce, customer demand for diversity and timeliness has also increased, in fact, B2C e-commerce business lead higher requirement for logistics service (Wang, 2015).

When we discuss about logistics service under B2C e-commerce, the concern is no longer only making a movement from the supplier to the buyer, but also pursuit logistics service in a short time, with flexible service, and high value-added services. Therefore, the quality of logistics distribution has become more and more important to the development of B2C electronic commerce (Wang, 2015).

2.1.4 Satisfaction

Customer satisfaction has been studied extensively in the marketing literature, both in the areas of consumer behavior and channels research, and has considerable strategic implications and potentially offers a broad range of benefits for selling firms (Stank, Goldsby and Vickery 1999). It has been conceptualized, measured, and tested for over twenty years across a considerable number of industries and situational contexts. Following is a general description of various conceptualizations of satisfaction that have developed throughout its research history:

- Satisfaction is a function of an initial standard and some perceived discrepancy from the initial reference point. Individuals make summary comparative judgments apart from and as an input to their feelings of satisfaction (Oliver1980).
- Satisfaction is a consumer's response to the evaluation of the perceived discrepancy between prior expectations (or some other norm of performance) and the actual performance of the product as perceived after its consumption (Day1984). We do not know the exact conceptualization of the comparison standard. It can be expected, ideal, or normative performance standards, and there has also been evidence of multiple comparisons (Tse and Wilton 1988).
- Satisfaction is the outcome of a comparison between expected and perceived performance throughout the customer relationship. Expectations regarding future costs and benefits are mainly influenced by prior experiences in the relationship (Wangenheim 2003).

- Satisfaction is the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) pleasurable level of consumption-related fulfillment, including levels of under-or over-fulfillment. It can only be judged with reference to a standard, and the standard serves as the basis for comparison (Oliver 1997).
- Satisfaction is an attitude-like judgment following a purchase act or based on a series of consumer-product interactions, where confirmed standards lead to moderate satisfaction, disconfirmed (exceeded) standards lead to high satisfaction, and vice versa (Fournier and Mick 1999; Yi 1990).
- In a channels setting, satisfaction is an affective state resulting from the appraisal of all aspects of a firm's working relationship with another firm. It results from perceptions of past performance, autonomy, and structure (Anderson and Narus 1984; Schul, Lamn and Little 1981.)
- Satisfaction is a special form of consumer attitude. It is a global, post purchase phenomenon reflecting how much the consumer likes or dislikes the service after experiencing it (Bearden and Teel 1983; Woodside, Frey and Daly 1989).
- Buyer satisfaction is defined as an affective state that results from appraisals concerning all aspects of a relationship (Anderson and Narus 1984).

The above conceptualizations highlight the notion that satisfaction encompasses both (dis)confirmation of expectations and an effective response. As Oliver (1980) points out, post-usage beliefs are compared with pre-purchase expectations, yielding expectancy disconfirmation that can be positive, neutral or negative. Although these traditional models implicitly assume that customer satisfaction is essentially the result of cognitive processes, new conceptual developments suggest that affective processes may also contribute to the explanation and prediction of customer satisfaction (Oliver, 1997; Westbrook, 1987). Therefore, satisfaction judgments logically (should be determined at least in part by the occurrence of the consumption-related affective responses in addition to the effects of the cognitive processes (Westbrook 1987).

Satisfaction can also be viewed as transactional or cumulative. Transactional satisfaction is the perception of the company's performance on the most recent transaction, or an immediate post purchase evaluative judgment (Oliver 1993). Several authors, however, have claimed that

satisfaction should be viewed as a judgment based on the cumulative experience made with a certain product or service rather than transaction-specific phenomenon (Anderson, Fornell and Lehmann, 1994). Consistent with the notion that satisfaction is an attitude, cumulative satisfaction is the more economic psychology-based general perception of the company's overall performance (Rust, Zahorik and Keiningham 1995). This approach to satisfaction has grown and gained acceptance over the last decade (Johnson et al. 2001). Thaibaut and Kelly (1959) suggest that satisfaction judgments are nothing else but the cumulated prior experiences in the relationship – a proposition that is consistent with the cumulative rather than transactional view on customer satisfaction (Wangenheim 2003). Similarly, Westbrook (1981) proposes that satisfaction is a cumulative, attitude-like construct. This conceptualization is appropriate because some researchers have found that it is cumulative satisfaction that correlates with customer retention (Fornell 1992; Reichheld and Sasser 1990).

“Cumulative” satisfaction has also been used interchangeably with “overall “satisfaction. According to Garbarino and Johnson (1999), cumulative satisfaction is an overall evaluation on the total purchase and consumption experience over time (Anderson, Fornell and Lehmann 1994). Additionally, Fornell (1992) suggests that the majority of the satisfaction literature advocates that satisfaction is an overall post purchase evaluation. Anderson and Sullivan (1993) also agree that satisfaction is a customer's overall or global judgment regarding the extent to which product or service performance matches expectations. Although it has been measured in numerous ways, the previous discussion highlights that there are three facets of overall, or cumulative, satisfaction, including 1) general affective satisfaction, 2) confirmation of expectations, and 3) the distance from the customer's hypothetical ideal product.

Based on this review, customer satisfaction is defined as the result of a cognitive and affective evaluation, based on total purchase and consumption experience with the logistics service over time, where some comparison standard is compared to the actually perceived performance. The evaluation is based on post purchase confirmation or disconfirmation of the buyer's preconceived expectations of product or service standards.

2.1.5 Customer satisfaction

Customer satisfaction has been a subject of great interest for organizations and numbers of researches, because customers are key stakeholders in organizations and their satisfaction is a priority for sustainable growth (Abel, 2013).

Keiningham *et al.* (2006) describes that the ability of the service provider to meet expectations of customers with regards to the different facets of service quality is what ultimately determines the level of customer satisfaction/dissatisfaction. Gronroos (1982) also argue that consumers compare the service they expect with the service they receive to evaluate its quality. When the service delivered does not meet initial expectations, the consumer is dissatisfied, whereas if the service meets or exceeds those expectations, he or she is satisfied.

Lee *et al.* (2011) stated that satisfied customers are a great source to increase profitability. That is because satisfied customers are likely to commit to the service organization and have better social interaction with service providers, while dissatisfied customers complain more and repurchase less. Keiningham *et al.* (2006) have also describe the above concept in different terms but with the similar meaning, satisfaction with a service or service provider may be a strong incentive for customers to maintain or increase current retention rate, dissatisfaction with a service or service provider may be a strong incentive to exit from the interaction.

Oliver (1997) state that customer satisfaction is the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over fulfillment. On other definition from Oliver (1997) is that customer satisfaction is as an overall emotional response to an entire service experience for a specific service encounter after purchasing consumption.

Saura *et al.* (2008) explains that satisfaction can also be interpreted from the point of view of a specific transaction or from an accumulative view. Most approaches in the literature use the first perspective (Giese and Cote, 2000; cited in Saura *et al.*, 2008), although proposals like those by Fornell *et al.* (1996) and Anderson *et al.* (1994) consider satisfaction as a global evaluation based on consumption experience over time or on a set of similar experiences. More recent contributions adopt this last approach in the wide sense supporting the idea of satisfaction as “a global measurement of a set of satisfactions with specific prior experiences” (Yu and Dean, 2001).

Customer satisfaction is considered as a pre requisite for customer retention and loyalty.

Delivering quality and achieving satisfaction can be the basis for developing relationship (Saura *et al.*, 2008). Jing (2013) stated that satisfied customers are more likely will display loyalty behavior, i.e. repeat purchase and willingness to give positive word of mouth.

2.1.6 Relationship between Logistics Service Quality and Customer satisfaction

Customers are the lifeblood of any business. And “Service quality can win and keep customers” and it can be measured by the extent to which the service provided satisfies the customer’s expectations (GhoDisagreeian *et al.*, 1994).

Different literature reviewed that service quality impacts customer satisfaction. Keiningham *et al.* (2006) describes that the ultimate determinant of customer satisfaction/dissatisfaction is the ability of service provider to meet the customer expectation with different aspects of service quality. Cronin & Taylor (1992) also found an empirical support for notion which states “perceived service quality in fact leads to satisfaction”.

Providers look for better ways to understand how customers perceive the quality of service and how the perception of service quality translate into customer satisfaction and customer loyalty (Chin, Soh & Wong, 2013). This is because customer satisfaction is the state of mind that customers have about a company when their expectations are met or exceeded over the lifetime of the product or service. Satisfying customers is the way to hold on our customers and attract the new ones.

GhoDisagreeian *et al.* (1994) states that “Perceived quality” is what the customer’s feel for the “quality” of the service. It determines the extent of the customer’s satisfaction. The three key possible “quality” outcomes are:

Satisfactory quality, where customer’s expectations (CE) are exactly met.

Ideal quality, where perceived quality is higher than customer’s expectations.

Unacceptable quality, where perceived quality is lower than customer’s expectations.

Most research findings indicate that to increase the level of customer satisfaction organizations should provide a high level of service quality as service quality is Neutrally considered an antecedent of customer satisfaction (Saura *et al.*, 2008).

The quality of logistics service performance is an important key component that helps Create customer satisfaction. Logistics excellence has been recognized as an area that firms can create competitive advantage because of its visible service impact on customers (Mentzer *et al.*, 2001).

There are many definitions and descriptions of how logistics creates customer satisfaction. The most traditional are based on the creation of time and place utility (Perreault and Russ 1974). Mentzer *et al.* (2001) describes the seven Rs which are the attributes of the company's product/service offering that lead to utility creation through logistics service; that is, part of a product's marketing offering is the company's ability to deliver the right amount of the right product at the right place at the right time in the right condition at the right price with the right information. This conceptualization implies that part of the value of a product is created by logistics service.

The rapid development of e-commerce provides more convenience and comfort for the customer. This rapid growth enhances the customer demand for diversity and timeliness, which in fact led B2C e-commerce business to higher requirement for logistics service (Wang, 2015).

Wang (2015) describe Logistics distribution as a bridge between e-commerce enterprises and consumers, the core competitiveness of e-commerce enterprises is not limited to price competition, the logistics service is becoming more and more important, and the logistics distribution has a great influence on consumer's cognition and trust.

2.1.6 Loyalty

Passionately loyal customers do business with the type of company they can “trust to always act in their best interest – without exception” (Hart and Johnson 1999). Polygamy loyalty refers to customers who are loyal to more than one brand. According to Dowling and Uncles (1997), this describes consumer behavior better, because most customers do not buy only one brand. Zeithaml, Berry and Parasuraman (1996) and Dick and Basu (1994) discuss spurious loyalty, when service customers stay with a supplier because they perceive no other alternatives or because of low involvement or little perceived differentiation. Conversely, ultimate loyalty is the convergence of product, social, and personal forces with logical, personal and communal sustainers that motivates consumers to want only one particular brand and be uninfluenced by competitors' marketing efforts. (Oliver 1999). To attain this loyalty state, all three of these aspects must be obtained, and not every firm can attain this kind of loyalty.

Dick and Basu (1994) developed a loyalty typology based on degrees of behavior and attitude; the four types include spurious loyalty (high behavior and low attitude), true loyalty (high behavior and high attitude), low loyalty (low behavior and low attitude), and latent loyalty (low behavior and high attitude). Similarly, Oliva, Oliver and MacMillan (1992) also viewed loyalty in terms of brand loyalty, brand avoidance, or brand neutrality.

2.1.6.1 Loyalty Measurements

The majority of definitions focus on dimensions of loyalty, so most of the literature describes loyalty in terms of how it is measured, rather than a concrete statement to describe what it is and what it means. With all of the various definitions offered, there is a lack of unity to really explain definitively the domain of the phenomenon. As a result of these definitions, the literature also provides various loyalty measures, according to the way it is conceptualized.

2.1.6.2 The Loyalty Relationship

A number of researchers have argued that the affective dimension of commitment best describes the emotional component of loyalty (Mahoney, Madrigal and Howard 2000). Loyalty is conceptualized as a causal relationship between affective commitment and purchasing behavior. Aside from the rationale given in Dick and Basu (1994) model, several literature bases speak to this relationship. Jacoby and Chestnut (1978) say that commitment provides the essential basis for distinguishing between brand loyalty and other forms of purchasing behavior, and this causal relationship differentiates those customers.

Iwasaki and Havitz (1998) suggested that research on loyalty should move from a focus on conceptualizing the topic to better understanding how loyalty develops and what influences such development. In their behavior, consumers may appear to be brand loyal because they purchase and repurchase a particular brand. However, their underlying motives or antecedents of behavior may be quite different (Bloemer 1988). Along this line, it is important to be able to measure customers' strength of attachment to a product or service in order to separate the highly loyal from the spuriously loyal customer to distinguish genuine loyalty to habitual behavior (Mahoney, Madrigal and Howard 2000). Jones and Sasser (1995) presented the topic of "false loyalty" (e.g., spurious loyalty), which can be misinterpreted by marketers as genuine loyalty or be mistaken for loyalty due to customers high level of repeat patronage despite a low relative attitude toward the marketer. This causal loyalty relationship allows for separating the differences between these customers.

The leisure science literature base also makes this causal connection by researching loyalty to sports teams, sports, and recreational places and activities. Some researchers contend that loyalty is reflected in commitment and behavioral consistency (Pritchard et al 1992; James 2001). In empirical studies that studied customer loyalty in a leisure involvement context, Iwasaki and Havitz (1998; 2004) found a positive relationship between commitment and behavioral intentions. Additionally, distinguishing the differences between customers has been more extensively studied empirically in the leisure science literature. Mahoney, Madrigal and Howard (2000) developed a scale to use in segmenting sports customers for differentiating consumers into discreet segments based on the strength of their overall loyalty. Baloglu (2002) also used casino customers to do a cluster analysis for segmentation of "loyalty types"- true, spurious, latent, and low loyalty customers. Likewise, Backman and Crompton (1991b) looked at golf and tennis customers and measured loyalty with attachment and behavior as two individual components and found these loyalty types. Their contribution was to demonstrate that traditional all-or-none portrayal of loyalty as a simple dichotomy between loyal and non-loyal consumers is too narrow.

In the organizational behavior literature, there is also a connection between an employee's commitment to the organization and the intention to stay. Employees 'affective commitment has been considered an important determinant of dedication and loyalty (Rhoades, Eisenberger and Armeli 2001). Affectively committed employees are seen as having a sense of belonging and identification that increases their desire to remain with the organization (Meyer & Allen, 1991; Mowday, Porter, & Steers, 1982). O'Reilly and Chatman (1986) also found that in a university setting, affectively committed employees have stronger tenure intentions. Further, in the financial industry, Malhotra and Mukherjee (2003) found that affectively committed employees show greater levels of service performance.

Marketing literature has also empirically examined the relationship between commitment and loyalty. Several empirical studies have measured conceptualizations of commitment and loyalty together in both a business relationship context and a consumer context. In studies with business samples, two studies found that affective commitment and trust in benevolence strongly influence the intention to continue the relationship (Wetzels, Ruyter and van Birgelen 1998; Ruyter, Moorman and Lemmink 2001). Hewett, Money and Sharma (2002) examined relationship quality, which is a second order construct comprised of trust and commitment, and

determined a link to repurchase intentions. In a consumer setting, Garbarino and Johnson (1999) concluded that commitment plays different roles in the prediction of the future intentions for high and low relational customers. Verhoef, Franses and Hoekstra (2002) established a link between affective commitment and word-of-mouth. Johnson et al (2001) used the Norwegian Customer Satisfaction Barometer (NCSB) to conclude that affective commitment has a large positive effect on behavioral loyalty.

Hansen and Hetn (2004) summarize this relationship by explaining that if a customer's affective commitment is high, this should bring about a wish and motivation to continue the relationship. Since this type of commitment does not include any instrumental cost-benefit evaluations, it is derived from the emotional pleasure associated with the relationship partner, and the feelings of fondness developed within the relationship. As such, affective committed parties are inclined to maintain the relationship and exhibit repeat purchasing behavior.

2.1.6.3 Satisfaction-Loyalty Relationship

The final relationship that this dissertation proposes to explore is the satisfaction loyalty relationship. For many years, companies measured customer satisfaction, assuming that satisfaction led to loyalty. Companies gauged performance with customer satisfaction surveys. However, implementation of the satisfaction-loyalty link has been problematic for firms (Anderson and Mittal 2000). Changes in overall satisfaction scores have not always led to increased retention. Neal (1999) contends that satisfaction measurement is good for monitoring process and product performance, but has little to do with loyalty. This stems from the idea that loyalty captures long-term relationship elements that satisfaction measures can miss, and there has been a gap between how most firms think about and measure satisfaction and what their most satisfied customers actually feel (Hart and Johnson 1999).

Although much of the academic literature concurs that satisfaction is a mediating variable to loyalty, recent mounting evidence has contradicted this long-standing principle (Seymour and Rifkin 1998; Oliver 1999; Fredericks, Hurd and Salter 2001), and substantial research now rejects the idea that satisfaction leads directly to loyalty (Brown2000; Neal 1999). Many popular press articles argue that just satisfying customers is doing the very least that customers expect, and customers can be satisfied and still defect (Fredericks, Hurd and Salter 2001; Gould 1995; McIlroy & Barnett 2000; Reichheld 1996), and that customer satisfaction alone is not sufficient for the fruition of a loyal relationship (Kandampully 1998). Brown (2000) suggests that

satisfaction is not a good predictive measure of loyalty because it is not always correlated with buying behavior. Neal (1999) also agrees that satisfaction only keeps the product or service in the purchaser's consideration set, and increasing levels of satisfaction beyond an acceptable level does not result in a proportionate increase in loyalty.

The literature pertaining to the relationship between customer satisfaction and loyalty can be organized in three categories (Homburg and Giering 2001). The first category, mostly previous research using fairly simple conceptualizations (Ganesh, Arnold, and Reynolds 2000), provides empirical evidence of a positive relationship between customer satisfaction and loyalty without further elaboration. These studies have typically been based on the explicit or implicit assumption of a linear relationship. (Gassenheimer, Sterling and Robicheaux 1989; Fornell et al 1996; Oliver and Swan 1989; Woodside, Frey and Daly 1989; Caruana 2002; Daugherty, Stank and Ellinger 1998; Hallowell 1996; Kandampully and Suhartanto 2000; Hennig-Thurau, Gwinner and Gremler 2002; Stank, Goldsby, Vickery and Savitskie 2003; Selnes and Gonhaug 2000; Biong 1993; Wangenheim 2003; Homburg and Giering 2001; Johnson et al 2001; Taylor and Baker, 1994).

2.2. Empirical Literature

2.2.1 The Relationship between Logistics Service Quality and Customer Satisfaction and Trust

The satisfaction-retention-profit model believes that the increase in product/service quality will lead to an increase in customer satisfaction, while an increase in customer satisfaction will make customers more loyal and ultimately make the company more profitable. In the existing literature, many scholars' studies have shown that there is a clear relationship between service quality and customer perception. Zeithaml, Parasuraman and Malhotra gave a clear definition of the concept of service quality under the network environment, analyzed and discussed the components of service quality in the context of the network, and put forward a model of website service quality. The conclusions of the research indicated that for the service quality in the context of the network, it should be related to certain perceived values. Research on service quality and perceived value can help further improve service quality. Ping HU (2014) believed that customer satisfaction in logistics services is one of the core competencies of B2C companies.

2.2.2 The Relationship between Customer Trust and Satisfaction

Kim, Hye-Ran. Developing (2005) found that high trust can bring consumer satisfaction and there is a positive correlation between the two factors. Based on their research, Lee Delene and Bunda (2003) further studied the relationship between customer trust and customer satisfaction when there is a difference in service quality. The study found that high quality of service leads to higher customer perception.

2.2.3 The Relationship between Customer Trust, Satisfaction and Loyalty

Smith (2001) believed that satisfaction experience determines customer trust, customer trust affects customer emotions, and customer sentiment is a guarantee for enterprise development and profitability; Woodruff (2009) believed that customer sentiment is the customer's cognitive response to the company's products, and perceived value reflects the essential relationship between the company, customers, and service quality.

2.3. Research framework

In relation to the variables of logistics service quality, the literature reviewed showed that the measurement scale developed by Mentzer *et al.* (2001) has been used repeatedly and is up-to-date. Considering the nature of online shopping, various works regarding this topic used this scale with minor adaptation. Based on earlier research in online logistics, perceived LSQ in online shopping has five dimensions (Huang*, Kuo & Xu, 2009). Those are: information quality, ordering procedures, timeliness, order condition and order discrepancy handling. In addition to the above listed logistics service quality dimensions, two dimensions of logistics service quality namely; personnel contact quality and order accuracy will be included in this research construct.

There are insufficient empirical evidences regarding the effect of logistics service quality on customer satisfaction on online market especially, in Ethiopia. Thus this research will bridge the literature gap in this area by providing empirical evidence on implication of logistics service quality dimensions on customer satisfaction level.

The justification for the relationship structure conceptual model was developed from the integration of logistics, organizational management, marketing, psychology, and leisure science literature. Each of these literature domains was included in order to provide a comprehensive review of the extant research that supports the research questions described in Chapter 1. The primary research questions are: How does logistics service quality impact customer loyalty and how should customer loyalty be conceptualized, defined, and measured? Secondary questions

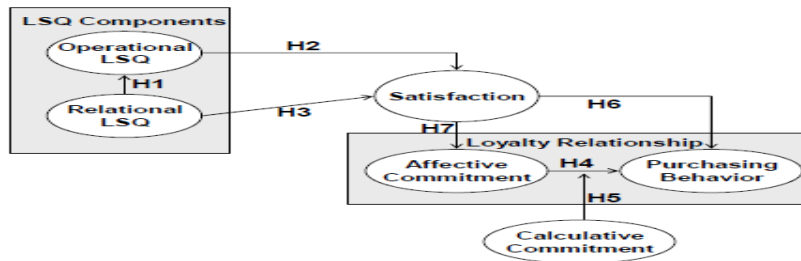
include: How does calculative commitment affect the loyalty relationship, what is the relationship between satisfaction, affective commitment, and purchasing behavior, and how should the relational component of logistics service quality be measured?

The principle concepts of logistics service quality, satisfaction, loyalty, and commitment drove the literature review. Many disciplines are involved in relationship research; hence all of these different disciplines were consulted to obtain as comprehensive a picture of the concepts as possible. Logistics and marketing provide the basis for research in logistics service quality. The marketing, psychology and leisure science literature provided the foundation for developing the loyalty relationship, and organizational management also contributed to developing affective and calculative commitment. The marketing literature also provided the basis for developing the satisfaction construct.

Much of the existing research on loyalty, satisfaction, and service quality (and the relationships between them) is ambiguous and contradictory. Therefore, comprehensive review of the previous empirical findings served as the groundwork for providing the foundational development, and the literature bases outside of marketing and logistics were consulted to provide support for the conceptual model presented in Chapter 1. Figure 2.1 demonstrates the model with the corresponding hypotheses. In this chapter, first the focal constructs that comprise logistics service quality – operational LSQ and relational LSQ - are presented. Second, satisfaction is presented, followed by hypotheses that link the LSQ constructs to satisfaction. Next, the previous loyalty research is introduced, followed by the explanation of the loyalty relationship – comprised of affective commitment and purchasing behavior. Calculative commitment is then offered as a moderating variable in the loyalty relationship. Finally, the relationship between satisfaction and loyalty is provided. The chapter concludes with a summary of the constructs and hypotheses in the relationship structure model, control variables that will be included, and justification for an alternate model is presented.

When buyers can select similar products from a number of suppliers, sellers may choose to differentiate themselves by the quality of their customer service and by the service processes accompanying their products (Novak, Langley and Rinehart 1995). Because of this, every industry is now potentially a “service” industry (Anderson, Foreland Lehmann 1995). As firms progress to offering higher service levels, they must become more proactive with their customers and anticipate customer expectations (Stank, Goldsby and Vickery 1999). As logistics

capabilities can raise customer service levels, firms are placing more reliance on logistics service in recent years to improve their competitive positioning (Daugherty, Stank and Ellinger 1998). Because logistics spans the boundaries between suppliers and customers, and logisticians understand that these activities constitute the very essence of their business, logistics service creates value by supporting customers' delivery requirements in a cost effective manner, and has become increasingly important to successful logistics operations (Stank et al. 2003).



and Zinszer
 cle elements,
 completeness,
 and timeliness), and 2) order cycle time (length and reliability of the order cycle). Later work also included timeliness (Mentzer, Gomes and Krapfel 1989; Mentzer, Flint and Hult 2001); however, all of these measures can be generated with little participation from the customer. According to Maltz and Maltz (1998), these quantitative measures do not completely explain customer ratings of supplier service levels. In practice, however, many firms still are not in direct contact with customers, relying on these internally generated measures of performance to infer customer opinions (Reichheld and Sasser 1990; Reichheld 1996).

Increasingly, suppliers are trying to understand what their customers want besides availability, timeliness, and reliability (Maltz and Maltz 1998). One critical element that distinguishes the most successful firms is the fact that they externally verify customer perceptions (Jones and Sasser 1995; Reichheld 1996). In the logistics literature, Stank, Goldsby and Vickery (1999) discuss the change from the mass production mentality (“doing things right”), to firms that value customer closeness and are able to provide higher levels of service effectiveness (the ability to “do the right things”).

Based on the realization that customers want other service elements besides the traditional measures, logistics research began to focus on other elements of customer service. According to Maltz and Maltz (1998), customer service has two aspects. The first is basic customer service, involving cycle time, on-time delivery, and inventory availability. The second aspect of customer

service is responsiveness, representing the ability to adapt to market-driven change. The dichotomy has been conceptualized in number of ways.

- Maltz and Maltz (1998) adopted “responsiveness” to refer to customer service elements other than availability, on-time delivery, and cycle time. They emphasize the ability to respond to customer requests, market changes, and competitor tactics.
- La Londe, Cooper and Noordweier (1988) use “responsiveness” and emphasize error correction, after-sale service, and effective handling of information requests.
- Davis and Mandrodt (1992) use responsiveness for any handling of individual customer requests beyond traditional service measures.
- The MSU Research Team emphasizes flexibility, provision of emergency services, and ability to handle change.
- Bowersox and Closs (1966) suggest that basic service includes availability, performance and reliability, while value added services are customer-specific.

More recently, logistics research has applied marketing tools to evaluate logistics service using customer perceptions of provider performance rather than relying on providers’ self-reported performance indicators (Stank, Goldsby and Vickery 1999). In marketing, the focus of service performance has been on service quality, or the evaluation of service performance, and the definition and measurement of service quality has occupied a prominent position in the services marketing literature.

Applying the original Parasuraman, Berry, Zeithaml (1988) service quality scale in a logistics context, one study attempted to apply the scale to motor carrier transportation services; however, the predictive validity of the scale was quite low (Brensigner and Lambert 1990). Beinstock, Mentzer and Bird (1997) argued that alternative dimensions should be explored for logistics service because (1) the service provider and the service customer are physically separated and (2) the services are directed at “things” instead of people, so technical or outcome dimensions are necessary for logistics service quality measurement instruments. They developed a scale that measured perceptions of physical distribution service quality (PDSQ) based on an earlier conceptual model that included timeliness, availability and condition (Mentzer, Gomes and Krapfel 1989). In an effort to measure logistics service quality specifically, Mentzer, Flint and Hult (2001) developed a scale based upon the earlier PDSQ scale with more specific dimensions added to it. They conceptualized LSQ as a process and the scale was based on qualitative

research from a large logistics service provider's customer base. The scale was then administered to those customers and found to be reliable and valid.

Another study also measured logistics service using fewer and more operational measures to examine the effect of logistics service on market share (Daugherty, Stank and Ellinger1998).

The previous discussion highlights the emergence of two critical aspects of service quality - performance relative to operational elements and performance relative to relational elements. Successful firms perform well on both elements, i.e., they understand customers' needs and expectations and have the ability to provide quality services to meet them in an efficient manner (Schlesinger and Heskett 1991). Collier (1991) suggests that service consists of two distinct dimensions: an internal or operations oriented dimension of service quality performance and an external or marketing-oriented dimension. Following this logic, Stank, Goldsby and Vickery (1999) and Stank et al. (2003) developed a scale to measure both the operational and relational elements of logistics service performance.

Based on the existing literature, operational LSQ is defined as perceptions of logistics activities performed by service providers that contribute to consistent quality, productivity and efficiency. Operational elements include physical features of the service, e.g., characteristics of delivery that define and capture form, time, and place utilities of the service. In accordance with the service quality literature and previous empirical studies (Stank et al. 2003; Stank, Goldsby and Vickery 1999), operational LSQ consists of reliability - the ability to perform the promised service dependably and accurately. Also consistent with the literature, relational LSQ is defined as the perceptions of logistics activities that bring the firm closer to its customers, in order to understand customers' needs and expectations and have the ability to provide quality services to meet them in an efficient manner. It is operationalized by assurance (the knowledge and courtesy of employees and the ability to convey trust and confidence), responsiveness (the willingness to help customers and provide prompt service), and caring (the provision of considerate, individualized attention to customers).

In the Stank, Goldsby and Vickery (1999) study, operational performance and relational service performance were portrayed as co-varying constructs. They contended that although the literature provided little guidance on the relationship between operational performance and relational performance, it was reasonable to anticipate that performance on these items will move together and firms that tend to be more progressive operationally also tend to be more aware of

customer needs and wants, and vice versa. Although this covariance was supported, these authors further investigated these two constructs and found a highly significant causal path from relational performance to operational performance. They also examined the reverse causal relationship, but this path was not significant. In order to further understand this causal relationship, they conducted customer interviews, which revealed that the true benefit of establishing customer relationships comes from the insight the supplier gains regarding custom needs and wants. Then, upon learning of these needs and wants, the service provider can focus on operational means of meeting the needs and wants, and doing so in the lowest cost manner. In a later study involving 3PI customers, Stank et al (2003) also found evidence supporting the causal relationship between relational performance and operational performances. Therefore, based on the previous discussion,

A SERVQUAL dimension is a good scale to measure the service quality performance in various specific industries. In this regard, researcher uses this model because it takes deep attention on customer's expectation and perception of service provided at an organization (Shahin, 2005, p.3). Parasuraman's SERVQUAL model is widely used to measure perceived service quality in various industry such as retailing, restaurants, banking, telecommunication, services, airline, catering, hotels, hospitals, automotives, education and so on (Ladhari, 2009).

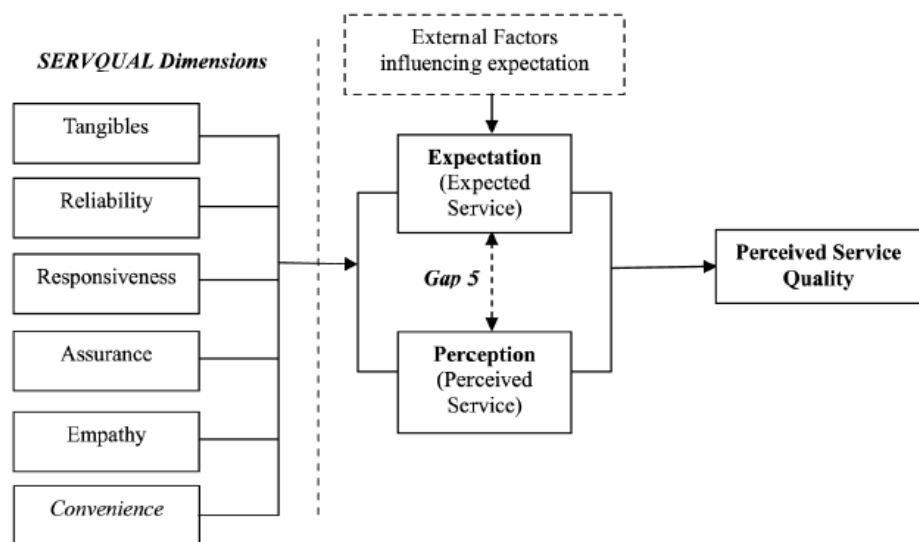


Figure 1.
Measuring service quality
using SERVQUAL

Parasuraman et al. (1985) also found that the customer's perception of service quality depends on the range of gap distance between the customer expects before receive a service in a service center and what he or she actually perceive after see and use the service by their own. Thus, service quality is in fact defined as the gap between customers' expectation of service and their perception of the service experience. A service quality gap exists when there are shortfall occur in which the service provider would like to close (Lewis et al., 1994). For examples, insufficient of sales, planning procedures and marketing research, organization do not focus on the demand quality, unsystematic service development service, lack of personnel training and so forth. This gap model is one of the best-received discoveries, a practice of problem solving and most heuristically valuable contributions to the service literature according to Brown and Bond (1995).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Research Approach

Research is a systematic investigation that is used to find the answers for questions raised whereas methodology is a system of rules that are explicit and built upon which the research is based and against which the claims for knowledge are usually evaluated (Nachamias et al., 1996). Research is conducted based on theory which is extracted from deep literature study and it helps to interpret and collect the data. The theory basically serves as a foundation to conduct the research. The research is conducted by using different methods, techniques and guidelines. However the most appropriate method of conducting a research is qualitative and quantitative approach.

Qualitative Approach analyzes, interprets and collects data by studying people's behavior, the way they act and response (Creswell, 1994). It is considered as an inductive approach in which interviews and case study methods are used to collect and analyze data. As Garson (2002) said, "qualitative research design strive for in-depth understanding of subjects, through such techniques participant observation or narrative analysis, or they may strive for in-depth

understanding of texts through such methods as exegesis or deconstruction”. The qualitative research approach is non-statistical and it is used to understand the motivations and reasons in a qualitative way (Creswell, 1994).

Quantitative approach involved number of respondents, listed questions are raised and response choices are predetermined. According to Svensson (2003) the quantitative research approach is best to investigate the perceptions and problem of the study and to discover the hidden values, feelings attitudes and motivations. It uses deductive approach; the focus is on testing the theories related to the topic by analyzing and collecting the data (Bryman and Bell, 2007). To achieve the aim of this study qualitative research method was used. The qualitative research method was used to construct the theoretical and industry perspectives. Using this approach open ended and emerging data was collected with primary intent to develop themes from data (Creswell, 2009). The qualitative methods used in this thesis were literature review and interviews.

Appropriate research designs and research methodology are selected in a way to address the research question, having the insights from different literatures. This topic is divided into four sections; Research Design, Sampling and Sampling Techniques, Data Collection and Data Analysis.

3.2. Research Design

The study is descriptive in that it seeks to describe in detail the state of customer satisfaction and logistics service quality in CLS Logistics, which gives an in depth understanding of the reality of customer satisfaction with logistics service quality in CLS Logistics. On the other hand, to identify the relationship between logistics service quality dimensions and customer satisfaction in addition to the effect of logistics service quality dimensions on customer satisfaction, causal research design was applied

3.3. Target Population, Sampling Size and Sampling Techniques

The total target population of the study is about 10,000 in worldwide out of this 3,200 are local manufacturer who have visited and ordered products from CLS Logistics. Out of this sample frame, the sample size was determined using sample size determination formula, with confidence level of 95% and margin of error 5%, which results in 384.

Sample Size Formula

$$n = N \times \frac{Z^2 \times p \times (1-p)}{e^2} \left[\frac{1}{N-1 + \frac{Z^2 \times p \times (1-p)}{e^2}} \right]$$

Accordingly, 384 respondents are selected and requested to fill the prepared questionnaire. Non-probabilistic sampling technique with a combination of purposive and convenient sampling methods is employed to get response from the study participants, because possible respondents were reached at the convenience of the researcher and collaborators in data collection in different areas. Then possible respondents were asked to answer how long it has been since their last purchase from CLS Logistics PLC and respondents who had made a purchase recently, a maximum of six months back, are requested to fill the questionnaire. A structured questionnaire on Five point Licker scale (tangibility, responsiveness, assurance, reliability and empathy) used to collect the data.

3.4. Data Type, source and Data Collection Instrument

Primary data obtained through online self-administered questionnaires to selected customers. Because Self-administered questionnaires are a useful way of collecting data as a less expensive to administer, helps to eliminate the possibility of interviewer bias and derives more honest feedback than methods that involves interview The data collected through the stated source used to determine the logistics service quality dimensions mostly affect the customer satisfaction. The secondary data gathered through critical evaluation of reference of books, published and, unpublished materials and other relevant written materials.

3.5. Data Analyzing Technique

The collected survey data analyzed using statistical package for social sciences (SPSS) application program like descriptive statistics such as frequency, percentage, mean and standard deviation used to assess service quality and measure customer satisfaction level. Each answered research questions are accordingly and outputs of the analysis presented in tables and charts and later their implication explained. Because it attempts to describe systematically a situation, problem, phenomenon, service or program, or provides information about, describes attitudes toward an issue.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

1.1.Samples and response rate

A total of 384 questioners were distributed, and 379 were received back. After excluding 14 invalid questionnaires, a total of 365 valid questionnaires were accepted for a high response rate of 98.69%. Therefore, out of the 384 questionnaires distributed, 95.05% of the subjects returned valid questionnaires.

1.2.Demographic characteristics of respondents

Descriptive statistics (frequency distribution) is used to discuss the general demographic characteristics of respondents. Age, gender and occupation of respondents are discussed in the below table.

Variables		Frequency	Valid Percent
Age	Below 18	24	6.6
	18 – 30	180	49.4
	31 – 45	161	44
Gender	Male	253	69.2
	Female	112	30.8
Occupation	Student	24	6.6

	Private Employee	281	76.9
	Public Employee	20	5.5
	Self-employed	32	8.8
	Unemployed	8	2.2

Table 2. Demographics of respondents

As table 2 depicts, from the total respondents, the age group of 18-30 constitutes the highest percentage share (49.4%) followed by the age group 31-45 with 44%. The gender distribution of respondents is dominated by male respondents with 69.2% while the female respondents constitute 30.8% of respondents. Considering the employment status of respondents, the above table shows that from the total number of respondents, 76.9% of respondents are private employees, 8.8% are self-employed, 6.6% are students, 2.2% are unemployed and the remaining 8.8% are self-employed.

1.3. Visits of respondents on CLS Logistics PLC.

To determine respondents' level of familiarity with CLS Logistics PLC and their level of awareness about services provided, they were asked the number, frequency their visit.

Variables		Frequency	Valid Percent
Frequency of visit	Once	64	17.60%
	Twice	72	19.80%
	More than two times	228	62.60%
Frequency of purchase made	Once	132	36.30%
	Twice	108	29.70%
	More than two times	124	34.00%
Duration from last purchase	< 1 Month	77	21.00%
	< 3 Month	120	33.00%
	< 6 Month	168	46.00%

Table 3. Respondents' level of familiarity

As table 3 shows majority of the respondents (62.6%) visited CLS Logistics PLC more than two times previously and 19.8% of respondents visited two times. Only 17.6% percent of respondents visited CLS Logistics PLC once. This indicates majority of respondents are more familiar to CLS Logistics PLC.

The table also shows how respondents frequent purchase from CLS Logistics PLC. 36.3% of the respondents have made a purchase from CLS Logistics PLC once and 34.1% of the respondents have made a purchase more than two times. The remaining 29.7% states that they have made a purchase two times. This implies that majority of the respondents have more purchasing experience from CLS Logistics PLC.

46.2% of respondents' states that it has been less than six months since their last purchase from CLS Logistics PLC. While 33% and 20.9% of respondents have indicate that it had been less than three months and one month, since they have made their last purchase respectively. This implies that majority of the respondent have recent experience.

1.4.Tangibility

The components of tangibles are measured through five variables. According to Figure 1, the proportion of giving Disagree scores to logistics service's tangibles is quite high. Physical facilities of logistics companies are evaluated "Disagree" or "Strongly Disagree" by 40% of customers, whereas the percentage of positive evaluations ("Agree" or Strongly Agree") is only22%. Moreover, the results show that the customers have a really high expectation on the development of IT, modern facilities and methods to protect goods with high average score. However, the current facilities that CLS Logistics having is of poor quality, which resulted in the analysis. These criteria should be noted in order to improve logistics service quality.

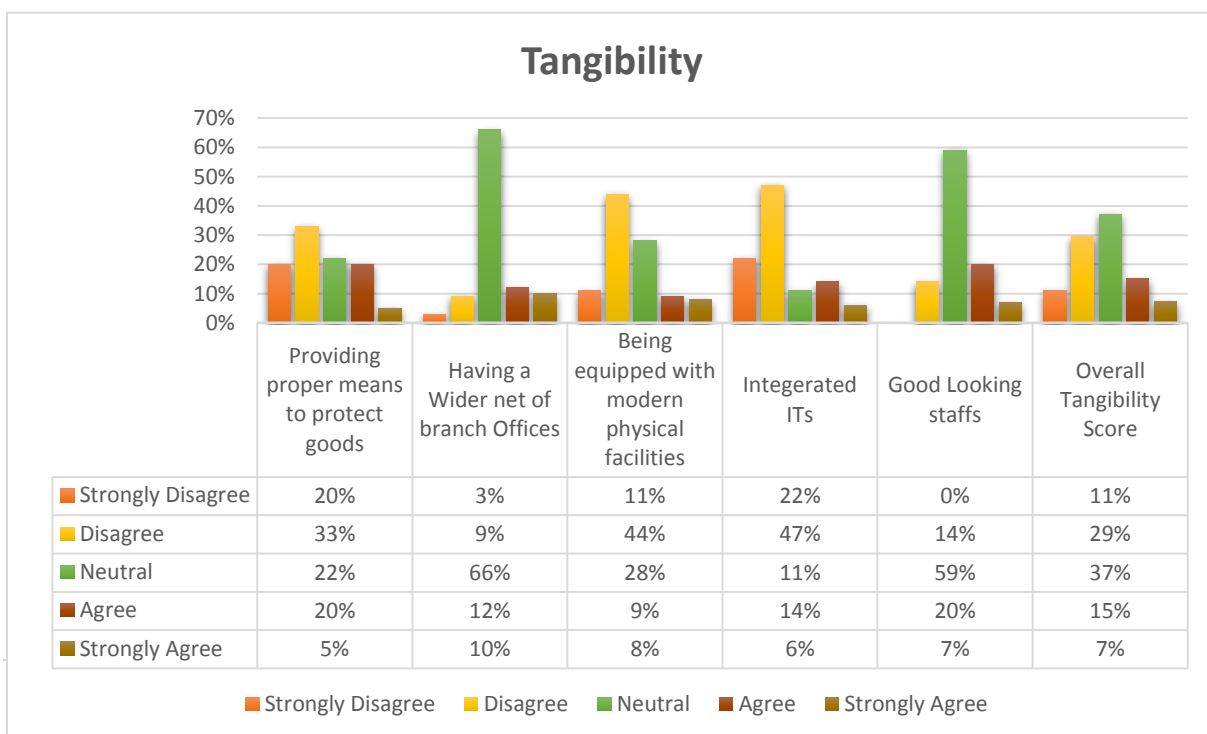


Figure 2: Tangibility Analysis

Despite customers do not think that CLS Logistics have enough branch offices, they do not expect the number of offices to be too large. More than half of the customers’ attitude toward the appearance of the staffs is neutral. The customers do not care about the outfit. Of all the criteria with respect to tangibles, the one with have more negative evaluation (69%) is the integration of IT’s. When managing logistics businesses, taking into account the advantages of IT makes it easier and more convenient for the customers to interact. Customers also appreciate to be able to track their cargo online. The second highest evaluation concerns modern facilities, 55% of the customers have positive evaluation for this criterion. Customers also pay attention to the methods of protecting goods. The logistics company has to provide proper packaging according to the characteristics of products to be transported. Tangible features of the service are essentially constant over time. For a current customer, the tangible expected service from a firm is close to the tangible perceived service. On this situation, the customer knows the quality ex-ante, he/she has no surprises and he does not evaluate this dimension as very important.

1.5. Reliability

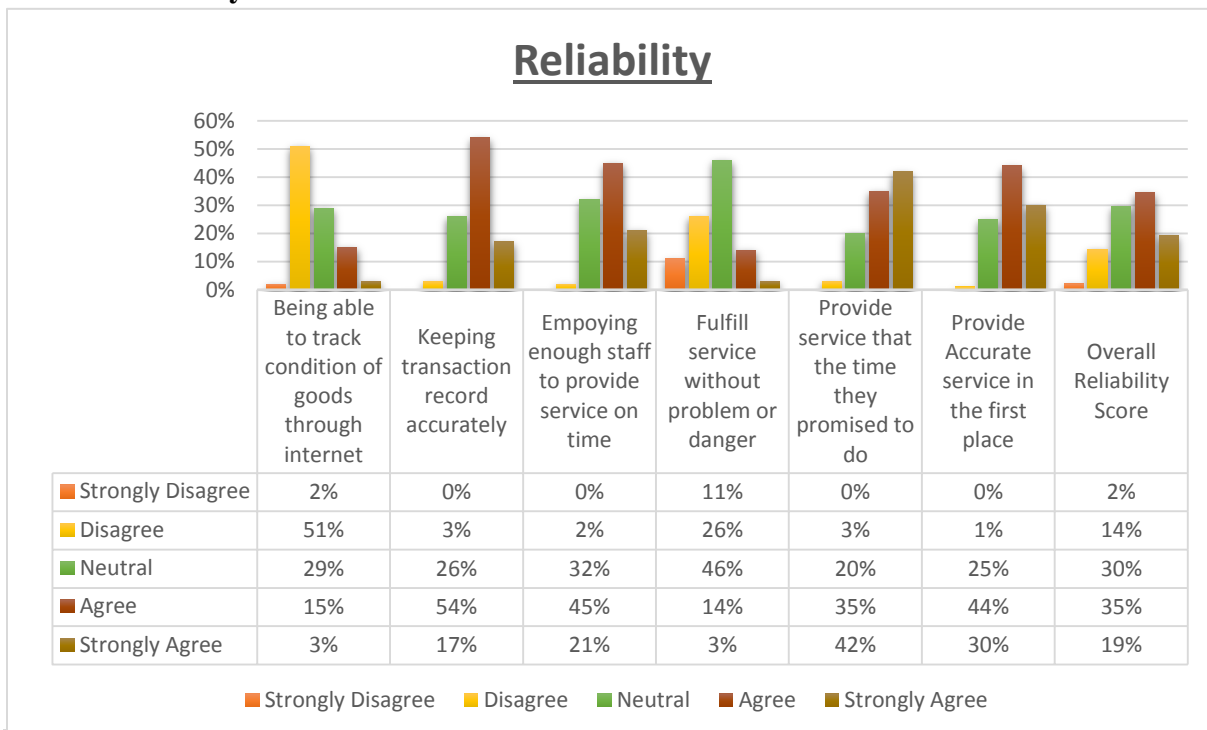


Figure 3: Reliability Analysis

Reliability is measured by six criteria, in which there are three that assess the performance of salesperson (service time available, keeping promises and keeping transaction records) and the remainder concerns the basic performance activity of the logistics. Figure 2 shows positive results on reliability, since more than 50% agree that the current service is good. The overall good performance also shortens the gap between perception and expectation. The importance of the six criteria is highly appreciated by the customers. The three most important ones are provide accurate service in the first place (74 percent of positive evaluation), provide services within the agreed time frame (77 percent of positive evaluation) and fulfill services without problems or damage (17 percent of positive evaluation). Even though the current condition of service is relatively good, those three criteria have the biggest significance, implying that customers expect even higher performances. Fulfilling services free of damage is the most noticeable one. Therefore, it is strongly recommended for the logistics company to focus especially on bridging this gap as much as possible.

1.6.Responsiveness

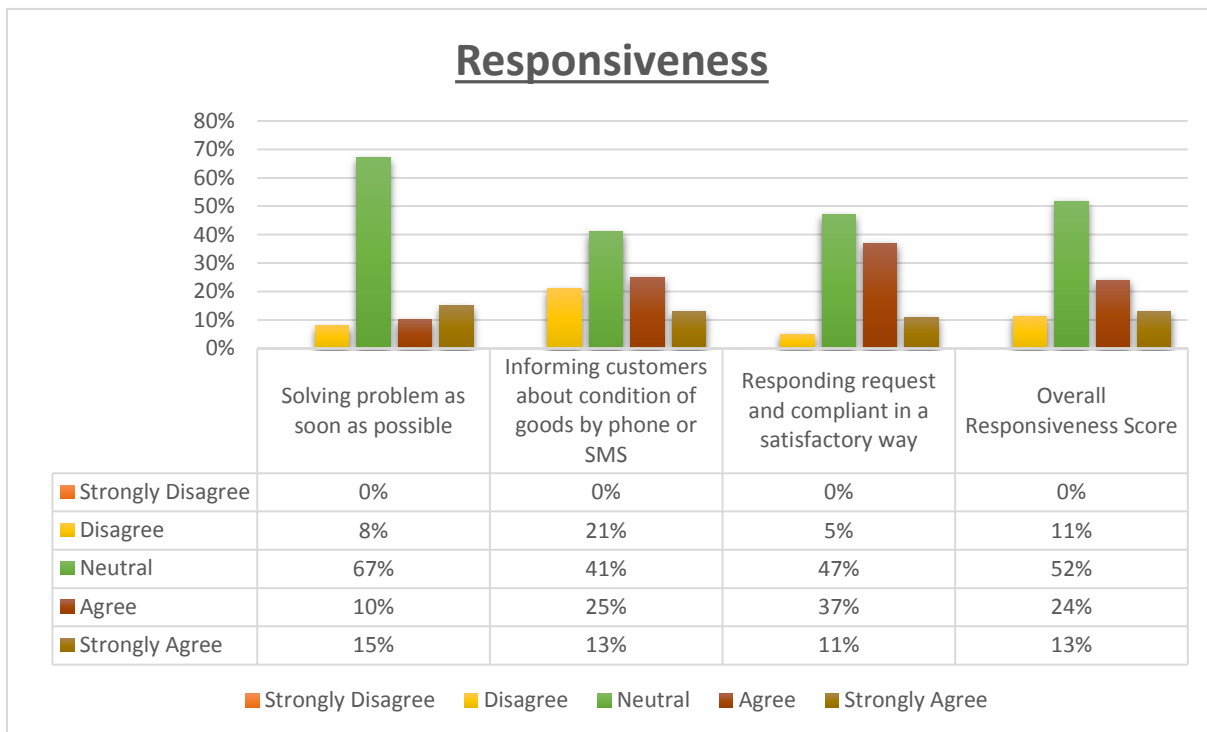


Figure 4: Responsiveness Analysis

Responsiveness is measured by three criteria that indicate how the sales staffs communicate with the customers. The results (see Figure 3) show that the current service is “Not very good”, whereas the expectation is high. This result could be expected to some extent, given the fact that the success of a deal depends strongly on the sales staffs. If the salesperson cannot convince the customers that their services are much better than competitors, or make the customers trust in the company, then the deal can be off easily. The criterion “Solving problem as soon as possible”, has the highest expectation (25 percent of positive respond & 8 percent of negative respond) and has the biggest gap. Therefore, the logistics company need to provide solutions and develop policies to solve all problems in the fasted way to satisfy customers.

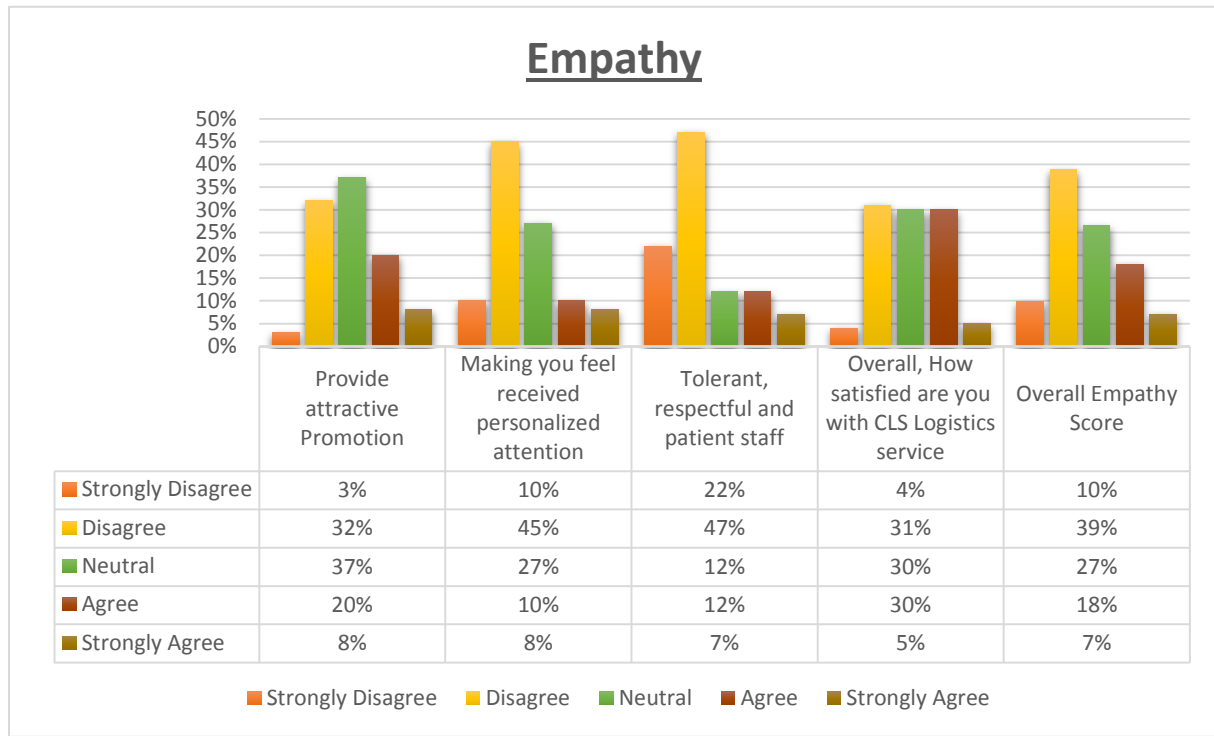
1.7. Assurance

Assurance is measured by the ability of staffs to work with customers in terms of expertise required of a salesperson. From Figure 4, one can conclude that the most important element is having good knowledge about logistics and the ability to convey the information so that the customers can understand it well. The criterion “Staff communicates with you in a proper manner”, has more than 50 percent negative respond, whereas “employing staff expert for their positions” has the biggest negative respond. Therefore, employer need to review their recruitment procedure and invest in training their staff.



Figure 5: Assurance Analysis

1.8. Empathy



enough and do not have a high level of tolerance, whereas this element is expected to be “Good”. Besides, promotions are not esteemed as sufficiently attractive, this criterion is noticeably high negative respond (34 percent). By providing special promotions, the company can maintain a firm relationship with their customers: customers will be less likely to switch to another logistics company

1.9. Analysis of customer satisfaction

To determine the level of satisfaction with the service provided by CLS Logistic, respondents were asked to rate their overall level of satisfaction using a 5-point liker scale (1 means highly dissatisfied, 2 means dissatisfied, 3 means neutral, 4 means satisfied and 5 means highly satisfied).

The level of customer satisfaction was analyzed with the descriptive statistics (frequency distribution) and table 4 presents the result of the analyzed overall customer satisfaction level.

	Frequency	Valid Percent
Highly Dissatisfied	0	0.0%

Dissatisfied	55	15.0%
Neutral	26	7.0%
Satisfied	183	50.0%
Highly Satisfied	102	28.0%

Table 4: Customer Satisfaction level with CLS Logistic

As table 4 indicates 50% of respondents reported that they are satisfied with CLS Logistics PLC, while 28% of respondents found to be highly satisfied with the services provided by CLS Logistics PLC. 15% of the respondents stated that they are dissatisfied with the service and finally 7% of them rated their level of satisfaction as neutral. This findings implies that most of the customer are satisfied with the logistics service provided by CLS Logistics PLC.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 Conclusion

To provide high-quality services, the logistic services provider must first understand customers' needs and expectations. In this study, the service quality scale of logistics provider, CLS Logistics PLC is conceptualized by five dimensions: tangibles, reliability, responsiveness, assurance and empathy. The empirical results show that the customers are not satisfied with the service quality of logistics provider. Besides, this study also finds that logistic services quality is a process, where customers' perceptions begin to form and develop from the order placement to service completion, and they may place difference emphasis on the service quality. Therefore, logistic services provider like CLS Logistics PLC should pay more attention to the weakness such as the shipping link, claims and freight. Furthermore, they need to improve Customer Care programs. In addition, the government also needs to have many positive policies to create favorable conditions for logistics services.

The following conclusion is drawn based the findings of the study, which is obtained while answering research questions:

- Respondents' level of familiarity implies that majority of the respondent have recent experience.

- On the tangible features of the service, the customer knows the quality ex-ante, he/she has no surprises and he does not evaluate this dimension as very important.
- Therefore, reliability is strongly recommended for the logistics company to focus especially on bridging this gap as much as possible.
- The logistics company needs to provide solutions and develop policies to solve all problems in the fastest way to satisfy customers.
- Therefore, employer needs to review their recruitment procedure and invest in training their staff.
- By providing special promotions, the company can maintain a firm relationship with their customers: customers will be less likely to switch to another logistics company.

5.2 Recommendations for the logistics service provider (CLS Logistics PLC).

A first set of solutions that need to be developed are solutions that improve the customer relation in the sales cycle. A first solution (“guided solution”) is a set of questions, which helps the sales staff to systematically ask questions to identify the customers' needs, before the salesperson proposes a particular solution. This enables the sales representatives to spend time on a smaller number of opportunities.

The next solution is to increase logistics knowledge, ensuring that a combination of the technical knowledge about the services provided is achieved, with the objective of reducing the necessity of involving other staff members in the procedures. Moreover, if the sales representatives can exhibit detailed information about the logistic solutions, it will be easier to convince the customers and correspondingly customers will have more confidence in the service.

Thirdly, document automation enables the optimization of information communication. If the sales representative can use IT do automatically generate and transfer all the bidding documents required, error rates and process times decrease.

Fourthly, the logistic services provider (CLS Logistics PLC) should include sales policies in their IT framework. When policies such as minimum acceptable prices or minimum acceptable margins are defined, the IT framework triggers a work flow to a sales manager to approve it. The tool will guide salespersons into the acceptable price and margin range so that the sales manager will not have to be involved. This enables considerable timing savings from both the sales manager and customer perspective.

Besides, a Customer Care program should be developed. For each customer an account should be created when they use a logistics service. The logistic services provider (CLS Logistics PLC) should record client details in a Customer Relationship Management database. Besides, the company needs to encourage ideas, suggestions and observations from all staff and establish an anonymous staff suggestion box. Review recruitment practices to ensure the company employs the right frontline staff.

In terms of research and development, the main area of innovation is based on the development and roll-out of information and communication technologies (ICT), which have the capacity to impact organizational structure, firm strategy, operational procedures and buyer-supplier relationships. In this regard, efforts towards ICT-enabled innovation should be promoted. After all, the implementation of new ICT and complementary investments can lead to innovations, and innovative firms are more likely to grow. Policy makers should envisage the creation of lead programs in fields of excellence such as logistics and transport. Developing standards for e-business, facilitating the process of interoperability: Standards allow reducing transaction cost and increasing competitiveness and interoperability. Policy measures may include active dialogue with industry on challenges in formation of value networks and potential barriers.

5.3 Recommendations to the stake holders and industry

One of the stakeholders is the government, should consider using financial incentives to promote the logistics development. The government's leadership in the country should provide subsidies for critical logistics infrastructure development. These subsidies should not come with conditions that interfere with business operations. Investment in logistics should come from the private sector, and foreign investments should be encouraged. A special fund for inland waterway transport infrastructure development should be set up. Bonds, fees, and special central government allocations are possible sources of funding. Since logistics enterprises should be the main driver of logistics industry development, government should create incentives, such as tax relief and funding assistance, to support the logistics industry, based on actual needs.

Reference

- Abel Afework, (2013). Impact of service quality on customer satisfaction the case of Ethio Telecom point of sales. Unpublished Master's Thesis, Addis Ababa university school of commerce.
- Alhuwitat, M.A. Abujarad, Salem, F.SH. (2017). The impact of pharmaceutical services quality on building a strong relationship between pharmacists and their customers. *IJPSR* 8.7, 3138–3145.
- Asgarpourza, R., Hamid, A., Mousavido, B., Jamshidiz, M., (2013). A Review on Customer Loyalty as a Main Goal of Customer Relationship Management. *Journal Teknologi* 64.3, 109–113.
- Anderson, E.W., Fornell, C. and Lehrmann, D.R. (1994). Customer satisfaction, market share, and profitability: findings from Sweden. *Journal of Marketing*, 58, 53-66.
- Bienstock, C.C., Mentzer, J.T. and Bird, M.M. (1997). Measuring physical distribution service quality. *Journal of the Academy of Marketing Science*, 25(1), 31-44.
- Bearden, William O. and Jesse E. Teel (1983), “Selected Determinants of Consumer Satisfaction and Complaint Reports,” *Journal of Marketing Research*, Vol. 20, No. 1, pp. 21-28.
- Buttle, F. (1996). SERVQUAL: review, critique, research agenda. *European Journal of Marketing*, 30(1), 3-32.

- Chapman, R.L., Soosay, C. and Kandampully, J. (2003), “Innovation in logistic services and the new business model”, *International Journal of Physical Distribution & Logistics Management*, Vol. 33, pp. 630-50.
- Chin, S.H., Soh, K.L. and Wong, W.P. (2013). Impact of Switching Costs on the Tripartite Model – Third Party Logistics. *Management*, 3(2), 79-88.
- David K. Tse and Peter C. Wilton *Journal of Marketing Research* Vol. 25, No. 2 (May, 1988), pp. 204-212
- Day, George S. (1984). *Strategic Market Planning : The Pursuit Of Competitive Advantage*. St. Paul: West Publication.
- Fornell, C., Johnson, M.D., Anderson, E.W., Cha, J. and Bryant, B.E. (1996). The American customer satisfaction index: nature, purpose, and findings. *Journal of Marketing*, 60(4), 7-18.
- Fornell, Claes (1992), “A National Customer Satisfaction Barometer: The Swedish Experience,” *Journal of Marketing*, Vol. 56, No. 1, pp. 6–21.
- Fournier, Susan and David Glen Mick (1999), “Rediscovering Satisfaction,” *Journal of Marketing*, Vol. 63, No. 4, pp. 5-23
- GhoDisagreeian, A., Speller, S. and Jones, M. (1994). Service Quality Concepts and Models. *International Journal of Quality & Reliability Management*, 11(9), 43-66.
- GhoDisagreeian, A., Speller, S. and Jones, M. (1994). Service Quality Concepts and Models. *International Journal of Quality & Reliability Management*, 11(9), 43-66.
- Grönroos, C. (1984). A service quality model and its marketing implications. *European Journal of Marketing*, 18(4), 36-44.
- Hana Alemu Desalegn, (2016). Implication of Logistics Service Quality on Customer Satisfaction. Unpublished Master’s Thesis, Addis Ababa university school of commerce.
- Huang, Y.K., Kuo, Y.W. and Xu, S.W. (2009). Applying importance-performance analysis to evaluate logistics service quality for online shopping among retailing delivery. *International Journal of Electronic Business Management*, 7(2), 128-136.
- Jing, G. (2013). An Empirical study on the Effect of E-Service Quality to Satisfaction. *International Journal of Management Sciences and Business Research*, 2(10).

- Keiningham, T.L., Aksoy, L., Andreassen, T.W., Cooil, B. and Wahren, B.J. (2006). Call center satisfaction and customer retention in a co-branded service context. *Managing Service Quality*, 16(3), 269-289.
- Ladhari, R., 2009. A review of twenty years of SERVQUAL research. *International Journal of Quality and Services Sciences* 1.2, 172 198.
- Lambert, D.M., Knemeyer, A.M. and Gardner, J.T. (2004), “Supply chain partnerships: model validation and implementation”, *Journal of Business Logistics*, Vol. 25 No. 2, pp. 21-42.
- Lee, J.H., Kim, H.D., Yong, J.K. and Michael, S. (2011). The influence of service quality on satisfaction and intention: A gender segmentation strategy. *Sport Management Review*, 14, 54-63.
- Milan Andrejić (2016). Logistics service quality impact on customer satisfaction and loyalty, University of Belgrade,
- Mentzer, J.T., Flint, D.J. and Hult, T.M. (2001), “Logistics service quality as a segment-customized process”, *Journal of Marketing*, Vol. 65 No. 4, pp. 82-104.
- Oliver, R. L., .A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions, *Journal of Marketing Research*, Vol. 17, No. 4:460-469, November 1980.
- Oliver, R.L., Rust, R.T. and Varki, S. (1997), “Customer delight: foundations findings, and managerial insight”, *Journal of Retailing*, Vol. 73 No. 3, pp. 311-36.
- Parasuraman, A., Zeithaml, V. A., and Berry, L. L. (1985). A Conceptual Model of Service Quality and Its Implications for Future Research. *Journal of Marketing*, 49(4), 41-50.
- Parasuraman, A., Zeithaml, V.A. and Berry, L.L. (1988), “SERVQUAL: a multiple-item scale for measuring consumer perceptions of service quality”, *Journal of Retailing*, Vol. 64, pp. 2-40.
- Richey, R.G., Daugherty, P.J. and Roath, A. (2007), “Firm technological readiness and complementarity: capabilities impacting logistics service competency and performance”, *Journal of Business Logistics*, Vol. 28 No. 1, pp. 195-228.

- Rust, Roland T., Anthony J. Zahorik and Timothy L. Keiningham (1995), "Return on Quality (ROQ): Making Service Quality Financially Accountable," *Journal of Marketing*, 59 (April), 58-70.
- Saura, I. G., Frances, D.S., Contri, G.B. and Blasco, M.F. (2008). Logistics service quality: a new way to loyalty. *Industrial Management and Data System*, 108(5), 650-668.
- Sreejesh, S., Mohapatra, S. and Anusree, M.R. (2014). *Business research methods-an applied orientation*. Switzerland: Springer International Publishing.
- Stefansson, G. (2006), "Collaborative logistics management and the role of third-party service providers", *International Journal of Physical Distribution & Logistics Management*, Vol. 36 No. 2, pp. 76-92.
- Stank, Theodore P, Thomas J. Goldsby and Shawnee K. Vickery (1999), "Effect of Service Suppliers Performance on Satisfaction and Loyalty of Store Manager in the Fast Food Industry," *Journal of Operations Management*, Vol. 17, NO. 2, pp 429-447
- Thibaut, John W. and Harold H. Kelley (1959), *The Social Psychology of Groups*. New York: John Wiley & Sons, Inc.
- Wangenheim Florian V. (2003), "Situational Characteristics As Moderators Of The Satisfaction-Loyalty Link: An Investigation In A Business-To-Business Context," *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, Vol. 16, pp. 145-156
- Wisniewski, M. (2001). Using SERVQUAL to assess customer satisfaction with public sector services. *Managing Service Quality*, 11(6), 380-388.
- Westbrook, R.A. (1987), "Intrapersonal affective influences on customer satisfaction with products", *Journal of Consumer Research*, Vol. 7 No. 2, pp. 49-54.
- Wang, L. (2015). Research on the Impact of E-commerce to Logistics Economy: An Empirical Analysis based on Zhengzhou Airport Logistics. *International Journal of Security and Its Applications*, 9(10), 275-286.
- Woodside, Arch G., Lisa L. Frey and Robert Timothy Daly (1989), "Linking Service Quality, Customer Satisfaction, and Behavioral Intention," *Journal of Healthcare Marketing*, Vol. 9, No. 4, pp. 5-17.

- Yang, C.C. (2003), Establishment and applications of the integrated model of service quality measurement”, Managing Service Quality: An International Journal, Vol. 13 No. 4, pp. 310-324.
- Yu, Y.T. and Dean, A. (2001). The contribution of emotional satisfaction to consumer loyalty. International Journal of Service Industry Management, 12(3), 234-50.

Appendix: Questionnaire

APPENDIX SAINT MARY UNIVERSITY SCHOOL OF GRAGUATE STUDIES

Thank you in advance for your willingness to participate in this questioner. The purpose of this questioner is only for academic purpose. In order to fulfill the requirement of Master’s degree in Marketing Management.

Dear sir and customers please make “X” for each question and it as unnecessary to write your name.

Part one: Demographic information of respondents.

1. Age

- Below 18 18 – 30 31 – 45 Above 45

2. Gender

- Male Female

3. Occupation

- Self-employed Public - employee
 Private - employee Unemployed

4. How many times did you visit and make business with CLS Logistics?

Please Mention _____

5. How long it has been since you take the last service from CLS Logistics?

- < 1 month < 3 month < 6 month above six month

Part two: Perception towards logistics service quality

Tangibility

1 Does the organization provide proper means to protect goods?

- Strongly Disagree Disagree Neutral Agree Strongly Agree

2 Having a wide net of branch offices

- Strongly Disagree Disagree Neutral Agree Strongly Agree

3 Being equipped with modern physical facilities

- Strongly Disagree Disagree Neutral Agree Strongly Agree

4 Integrated IT system

- Strongly Disagree Disagree Neutral Agree Strongly Agree

5 Agree looking Staffs

- Strongly Disagree Disagree Neutral Agree Strongly Agree

Reliability

6 Being able to track condition of Agree through internet

- Strongly Disagree Disagree Neutral Agree Strongly Agree

7 Keeping transaction records accurately

- Strongly Disagree Disagree Neutral Agree Strongly Agree

8 Employing enough staff to provide service on time

- Strongly Disagree Disagree Neutral Agree Strongly Agree

9 Fulfill service without problem or damage

- Strongly Disagree Disagree Neutral Agree Strongly Agree

10 Providing service that the time they promised to do

Strongly Disagree Disagree Neutral Agree Strongly Agree

11 Provide accurate service in the first place

Strongly Disagree Disagree Neutral Agree Strongly Agree

Responsiveness

12 Solving problem as soon as possible

Strongly Disagree Disagree Neutral Agree Strongly Agree

13 Informing customers about condition of Agrees by phone or SMS

Strongly Disagree Disagree Neutral Agree Strongly Agree

14 Responding request and compliant in a satisfactory way

Strongly Disagree Disagree Neutral Agree Strongly Agree

Assurance

15 Staff communicating with you in a proper manner

Strongly Disagree Disagree Neutral Agree Strongly Agree

16 Making you fell trust in staff and confidence in the service

Strongly Disagree Disagree Neutral Agree Strongly Agree

17 Making you feel secured about the Service

Strongly Disagree Disagree Neutral Agree Strongly Agree

18 Employing staff experts for their positions

Strongly Disagree Disagree Neutral Agree Strongly Agree

Empathy

19 Provide attractive Promotion

Strongly Disagree Disagree Neutral Agree Strongly Agree

20 Making you feel received personalized attention

Strongly Disagree Disagree Neutral Agree Strongly Agree

21 Tolerant, respectful and patient staff

Strongly Disagree Disagree Neutral Agree Strongly Agree

22 Overall, How satisfied are you with CLS Logistics service?

Strongly Disagree Disagree Neutral Agree Strongly Agree

Overall Level of Customer Satisfaction

23 Overall, How satisfied are you with CLS Logistics quality service?

Strongly Satisfied Satisfied Neutral Dissatisfied