NUR AQILAH BINTI MOHD AZMAN MBA 2021

YOUTH GENERATION E-SERVICE QUALITY FOR DELIVERY SERVICES ON CUSTOMER SATISFACTION AND CUSTOMER LOYALTY: KLANG VALLEY CONSUMERS

NUR AQILAH BINTI MOHD AZMAN

MASTER OF BUSINESS ADMINISTRATION
(SUPPLY CHAIN AND LOGISTICS)
NATIONAL DEFENCE UNIVERSITY
OF MALAYSIA

2021

Project Submission Pro-Forma

Name: NUR AQILAH BINTI MOHD AZMAN

Student Matrix Number: 3201313

I wish the project paper to be considered for:

MASTER of BUSINESS ADMINISTRATION (SUPPLY CHAIN & LOGISTICS)

I have checked that my modules meet the requirements of the above award.

I confirm that I have included in my dissertation:

- An abstract of the work completed.
- A declaration of my contribution to the work and its suitability for the degree.
- A table of contents.
- A list of figures and tables (if applicable).
- A glossary of terms (where appropriate).
- A clear statement of my project objectives.
- A full reference list.

I am willing for my marked project paper to be used for staff training purposes.

Signed: **NUR AQILAH BINTI MOHD AZMAN** Date:

YOUTH GENERATION E-SERVICE QUALITY FOR DELIVERY SERVICES ON CUSTOMER SATISFACTION AND CUSTOMER LOYALTY: KLANG VALLEY CONSUMERS

NUR AQILAH BINTI MOHD AZMAN

Final project paper submitted to National Defense University of Malaysia, in fulfilment of the requirements for the Master of Business Administration (Supply Chain and Logistics)

May 2021

DECLARATION OF FINAL PROJECT PAPER

I have read and understood the rules on cheating, plagiarism and appropriate referencing as outlined in my handbook and I declare that the work contained in this paper is my own, unless otherwise acknowledged. No substantial part of the work submitted here has also been submitted by me in other assessments for this or previous degree courses, and I acknowledge that if this has been done an appropriate reduction in the mark I might otherwise have received will be made.

Signed candidate: **NUR AQILAH BINTI MOHD AZMAN**

You are required to justify your submitted Project Paper against the degree definition for which you are registered.

Project definition for my degree:

The project should normally be related to supply chain and logistics environment. It could address many different aspects such as business, administration and management issues. My project relates to this definition in the following way:

1. The project is centred on E-Service Quality for Delivery Services on Customer Satisfaction and Customer Loyalty.
2. This project addresses the aspect of Customer Satisfaction and Customer Loyalty.
3. The intention of the project is to assist the delivery, courier service in Malaysia.
4. The recommended improvements in this project are based on customer satisfaction and customer loyalty with the e-service quality.

The above shows the relevance of the work to the degree for which it is submitted.

	Signed	**Agree (√)**	**Disagree (√)**
Supervisor: Prof. Madya Dr.Zailin Binti Zainal Ariffin			

DEDICATION

بِسْمِ ٱللَّٰهِ ٱلرَّحْمَٰنِ ٱلرَّحِيمِ

This thesis is dedicated to all have supported me all the way since the beginning of my studies especially for my mother Puan Zalina Binti Zakaria, my siblings Nur Husaini & Nur Hafizuddin and my late father Mohd Azman Bin Jamaan. Thank you for sharing new knowledge and encourage me Miss Nur Hidayah Binti Roslan.

Special thank you to my supervisor Prof. Madya Dr.Zailin Binti Zainal Ariffin has been a great motivation and inspiration to share the knowledge to fulfill my study.

Thank You Very Much

ABSTRACT

Malaysia experiences a population of 16, 53 million Internet users, with 50 percent of the population and 62 percent of cell phone users shopping online. Consequently, the delivery service carries out a significant role in the ease with which consumers can shop online. The market for online shopping revenue is rapidly increasing, and the expansion of the distribution sector will clearly meet customer demands and help mobile information technologies. The contextual relation that customers establish between their expectations for a service and their understanding of how the service was performed was managed to assess service quality. This study examines the e-service quality delivery service with customer satisfaction and customer loyalty Youth Generation in Klang Valley with the current condition of courier service in Malaysia. The surveys using the method of such questionnaires and uses simple random sampling. The sample population will be taken from the population around Klang Valley and the sample only 384 people. The survey is to decide the connection between the E-Service Quality Factor Responsiveness, Reliability, Tangibles, Assurances, Empathy with Customer Satisfaction and Customer Loyalty. Due to this research some factors of related to customer satisfaction and customer loyalty and factors is the ideal for future it’s to study more in-depth evaluation of delivery services customer satisfaction and customer loyalty.

ABSTRAK

Populasi di Malaysia berjumlah 16, 53 juta pengguna Internet, dengan 50 peratus penduduk dan 62 peratus pengguna telefon bimbit yang membeli-belah dalam talian. Perkhidmatan penghantaran mempunyai peranan penting dalam memudahan pengguna untuk membeli-belah dalam talian. Pasaran membeli-belah dalam talian meningkat dengan pesat dan sektor ini jelas memenuhi permintaan pelanggan dengan adanya bantuan teknologi maklumat mudah alih. Hubungan kontekstual yang dijalin oleh pelanggan terhadap perkhidmatan dan pemahaman mereka tentang bagaimana perkhidmatan itu dilakukan berjaya menilai kualiti perkhidmatan. Kajian ini meneliti perkhidmatan penyampaian kualiti e-perkhidmatan dengan kepuasan pelanggan dan kesetiaan pelanggan Generasi Belia di Lembah Klang seiring dengan keadaan perkhidmatan kurier semasa di Malaysia. Tinjauan menggunakan kaedah soal selidik tersebut dan menggunakan persampelan rawak. Populasi sampel akan diambil dari populasi di sekitar Lembah Klang dan sampelnya hanya 384 orang. Tinjauan ini adalah untuk melihat hubungan antara e-perkhidmatan dengan kepuasan pelanggan dan kesetiaan pelanggan. Oleh kerana kajian ini beberapa faktor yang berkaitan dengan kepuasan pelanggan dan kesetiaan pelanggan dan menambah lebih banyak faktor adalah yang sesuai untuk masa depan untuk mengkaji penilaian yang lebih mendalam mengenai perkhidmatan penyampaian kepuasan pelanggan dan kesetiaan pelanggan

ACKNOWLEDGEMENT RECEIPT FOR FINAL PROJECT PAPER

This final project paper titled, Youth Generation E-Service Quality for Delivery Services on Customer Satisfaction and Customer Loyalty: Klang Valley Consumers produced by Nur Aqilah Binti Mohd Azman Matric No. 3201313 has been accepted as having fulfilled the partial requirements for the Master of Business Administration (Supply Chain and Logistics).

………………………….
(**Signature of Supervisor**)

PROF. MADYA DR.ZAILIN BINTI ZAINAL ARIFFIN

Date:

TABLE OF CONTENTS

DECLARATION OF FINAL PROJECT PAPER iv

DEDICATION v

ABSTRACT vi

ABSTRAK vii

ACKNOWLEDGEMENT RECEIPT FOR FINAL PROJECT PAPER viii

TABLE OF CONTENT

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

CHAPTER 1: INTRODUCTION

1.1 Introduction 1
1.2 Background of Study 4
1.3 Problem Statement 7
1.4 Research Objectives 9
1.5 Research Question 9
1.6 Hypothesis 10
1.7 Conceptual Framework 11
1.8 Significance of Research 13
1.9 Scope of Study 13
1.10 Definition of Terms 14

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction 16
2.2 Theory and Models 17
  2.2.1 Service Quality Model 17
2.3 Related Literature Of Variables 19
  2.3.1 Customer satisfaction evaluation 19
  2.3.2 Customers loyalty 22
  2.3.3 Relation between customer satisfaction and loyalty 23

CHAPTER 3: METHODOLOGY

3.1 Introduction 26
3.2 Research Design 27
3.3 The Measuring Table 29
3.4 Research Method 36
3.5 Data Collection Method 37
3.6 Population and Sampling 38
3.7 Instrument and Measurement 40
3.8 Pilot Study 41
3.9 Ethics and Research 42
3.10 Validity and Reliability 43
3.11 Data Analysis Method 46
3.12 Summary 47

CHAPTER 4: FINDINGS AND DISCUSSIONS

4.1 Introduction 48
4.2 Validity and Reliability 49
4.3 Respondent Profile 51
4.4 Normality Test 59
4.5 Description Analysis of Responsiveness, Reliability, Tangible, 64
Assurance, Empathy, Customer Satisfaction and Customer 55
Loyalty 57
  4.5.1 Level of E-Service Quality Factor: Responsiveness 64
  4.5.2 Level of E-Service Quality Factor: Reliability 66
  4.5.3 Level of E-Service Quality Factor: Tangibles 68
  4.5.4 Level of E-Service Quality Factor: Assurances 70
  4.5.5 Level of E-Service Quality Factor: Empathy 72
  4.5.6 Level of Customer Satisfaction 74
  4.5.7 Level of Customer Loyalty 76

4.6 Pearson Correlation Analysis on Dependent Variables and 78
Independent Variables 67

4.6.1 Relationship between E-Service Quality Factor Responsiveness with customer satisfaction and customer loyalty 79
4.6.2 Relationship between E-Service Quality Factor Reliability with customer satisfaction and customer loyalty 81
4.6.3 Relationship between E-Service Quality Factor Tangibles with customer satisfaction and customer loyalty 82
4.6.4 Relationship between E-Service Quality Factor Assurances with customer satisfaction and customer loyalty 83
4.6.5 Relationship between E-Service Quality Factor Empathy with customer satisfaction and customer loyalty 84
4.7 Summary 85
CHAPTER 5: CONCLUSION
5.1 Introduction 86
5.2 Summary of Research Finding 86
5.3 Limitation and Recommendation For Future Research 90

REFERENCE 92

APPENDICES

Appendix I
Appendix II Tabulation Table/Output SPSS

LIST OF TABLE

NO	TABLE	PAGE
Table 3.1	Measurement for Responsiveness	29
Table 3.2	Measurement for Reliability	30
Table 3.3	Measurement for Tangibles	31
Table 3.4	Measurement for Assurances	32
Table 3.5	Measurement for Empathy	33
Table 3.6	Measurement for Customer Satisfaction	34
Table 3.7	Measurement for Customer Loyalty	35
Table 3.8	Krejcie and Morgan	39
Table 3.9	Five Point Likert Scale	40
Table 3.10	Cronbach Alpha for Pilot Study	41
Table 3.11	Actual Cronbach Alpa Test	44
Table 3.12	Reliability Measures	45
Table 4.1	Cronbach's Alpha	50
Table 4.2	Reliability Level	50
Table 4.3	Demographic Profile	52
Table 4.4	Level of Responsiveness	65
Table 4.5	Level of Reliability	67
Table 4.6	Level of Tangible	69
Table 4.7	Level of Assurances	71
Table 4.8	Level of Empathy	73
Table 4.9	Level of Customer Satisfaction	75
Table 4.10	Level of Customer Loyalty	77
Table 4.11	Correlation between Responsiveness with customer satisfaction and customer loyalty.	80
Table 4.12	Correlation between Reliability with customer satisfaction and customer loyalty	81
Table 4.13	Correlation between Tangibles with customer satisfaction and customer loyalty	82

Table 4.14	Correlation between Assurances with customer satisfaction and customer loyalty	83
Table 4.15	Correlation between Empathy with customer satisfaction and customer loyalty	84

LIST OF FIGURES

NO	FIGURE	PAGE
Figure 1.1	Conceptual Framework	12
Figure 2.1	SERQUAL Model	18
Figure 4.1	Percentage of Respondent’s Gender	55
Figure 4.2	Percentage of Respondent’s Age	55
Figure 4.3	Percentage of Respondent’s Ethic Group	56
Figure 4.4	Percentage of Respondent’s Marital Status	56
Figure 4.5	Percentage of Respondent’s Qualification	57
Figure 4.6	Percentage of Respondent’s Occupation	57
Figure 4.7	Percentage of Respondent’s Personal Income	58
Figure 4.8	Normality of Responsiveness	60
Figure 4.9	Normality of Reliability	60
Figure 4.10	Normality of Tangibles	61
Figure 4.11	Normality of Assurances	61
Figure 4.12	Normality of Empathy	62
Figure 4.13	Normality of Customer Satisfaction	62
Figure 4.14	Normality of Customer Loyalty	63

LIST OF ABBREIATIONS

SME	Small Medium Enterprise
SPSS	Statiscal Package For Social Science

CHAPTER ONE

INTRODUCTION

1.1 Introduction

As a rapidly developing country, we can instantly see the fundamental changes dominated by the Internet and developed technology in the world today. The technical world willingly allows everyone to undoubtedly have mobile gadgets to encourage them with their routine tasks. The change trend can be seen in routine life, where the Internet and smart phones make certain tasks easier. With the capital availability of this modern technology, we can instantly see the economic sector modestly increasing. The considerable number of parcel shipments to potential consumers is eagerly expected to skyrocket in 2020. Savvy consumers are managing efficiently online shopping sites to obtain urgent necessities as an outstanding result of pandemic-related movement restrictions.

E-commerce participation among SMEs increased by 3% between March and October 2020, according to Rizal Nainy, chief executive officer of SME Corporation Malaysia, compared to the same period the previous year. Furthermore, between March 1 and October 31, last year, 373,213 economic entities properly registered their official businesses with the Malaysian Business Commission under the net group. There are various site sale sites through the use of online in this case.

As a result of Malaysia's Internet and smart phone exposure, the rate of e commerce usage by Malaysians is excessive, according to current market trends. Malaysia experiences a population of 16, 53 million Internet users, with 50 percent of the population and 62 percent of cell phone users shopping online. Reasonable prices, a comprehensive range of items, and a substantial number of reviews all affect online shoppers. Malaysian shoppers seek free delivery, convenience, and exclusive online store sales (Export.gov). People may make use of such a modern facility to purchase products online when they are unfit to do so physically due to time constraints.

Consequently, the delivery service carries out a significant role in the ease with which consumers can shop online. According to Choy, Ma and Koo (2013), parcel distributors are third-party distributors that are called logistical providers and are required to transport goods across the supply chain. Several logistics companies offer package delivery services in Malaysia, which is the largest in terms of domestic ordering services.

When it comes to the adoption of e-commerce in Malaysia, delivery service is crucial. Development issues, recent technical advances and tools, information security challenges, a lack of skill in digital marketing, low processing capacity, high supply and logistics costs, and a lack of awareness about market access and cross-border e-commerce laws are all obstacles that the e-commerce industry faces. Fulfillment on top occupies a vital role in measuring customer and end-user experience in order to ensure the productivity of the e-commerce community.

The market for online shopping revenue is rapidly increasing, and the expansion of the distribution sector will clearly meet customer demands and help mobile information technologies. Using a tablet, a smartphone, or even a laptop, anybody can shop from an online retailer nowadays. They can order whenever they want, and the express carrier will deliver the package to you as soon as possible.

To conclude, for a developing country like Malaysia, service organizations perform a meaningful role. As a result, the company must be of excellent quality and competitive that maintains customer loyalty and also improves the effectiveness and performance of the organization. Simultaneously, as we all know, higher consumer demand and this is a significant challenge for all industries.

1.2 Background of Study

The advancement of today's culture has been in lockstep with the advancement of internet technology. According to our results, teenagers use gadgets on a daily basis. With a monthly income of US$327 million, Malaysia's youth generation is the country's largest demographic, accounting for 29 percent of the total population. Generation Z in Malaysia could be a digitally active generation addicted to smartphones and social media, spending an average of 8 hours per day online. They're also smart, imaginative, and business-minded. Malaysian Generation Z customers are capable and self-reliant when it comes to purchasing decisions.

According to the National Statistics Department, Malaysia has a youth bulge, with 14.6 million Malaysians aged 15 to 39 years old, contributing for 45 percent of the population Malaysian youth, for this and other reasons, remain a key community in guiding and shaping the country's future. However, in 2019, the Youth Societies and Youth Development Act established a new age limit for youth, ranging from 15 to 30 years old (The star, 2019b).

Around In 2017, almost 78 percent of Malaysians had web access (CIA, 2019; Santander exchange, 2019). Malaysia gets one of Southeast Asia's Internet-local nations, with critical online business openings worth an expected US1.1 billion out of 2017. (Aditya, 2017). Tan, 2019 directed a new report that uncovers four entrancing measurements about Malaysian web based shopping propensities, including that online buys are made by a larger number of ladies than men (58% versus 42%), that most of web purchasers are from the more youthful age, explicitly those matured 25 to 34 (51 percent) and 18 to (24 percent), and that most of web purchasers are from the fresher age, explicitly those matured 25 to 34 (51 percent) and 18 to (24 percent). Food conveyance, travel, apparel, beautifying agents, and sports are the most famous items bought online by Malaysians, with a middle request worth of US$41. Most of buys are finished on PCs (68%), trailed by cell phones (31%), and tablets (1%).

During a worldwide study of more than 22,000 clients from 27 nations, it was found that web-based media influences almost 50% of Malaysian buyers' on the web and in-store shopping propensities (Free Malaysia Today, 2018). As per a VASE.AI report, Malaysians spend a normal of 5 hours out of each day via online media and are spurred to purchase something at the same time (Aditya, 2017). They typically consider online surveys and electronic informal messages posted on Facebook, Instagram, Pinterest, Twitter, YouTube, Tumblr, and different channels when making buys. Age Z in Malaysia burns-through less TV, radio, and other media than past ages. As an outcome, they're quite possibly the most troublesome gatherings to impact with publicizing, as per Kantar Millward Brown's AdReaction overview (Digital News Asia, 2017).

This exploration on youngsters in the Klang Valley. With a middle time of around 28 years of age, Malaysia's 32.6 million occupants take into consideration a huge extent of kids (Department of Statistics Malaysia, 2019). (2019, Santander). In Malaysia, the most generational partners are Generation Y (26%) and Generation Z (25%) comparative with Baby Boomers (13%) and Generation X (18%). (Worldometers, 2020). The main part of Generation Z is of Malay birthplace, trailed by Chinese and Indians. The male populace of Generation Z is 52%, while the female populace is 49%. (Worldometers, 2020). Over the long haul, a lower rate of birth has brought about more modest family estimates, with a mean family size of four individuals (Hirschman, 2019). Subsequently, Generation Z individuals live in more modest families with the most modest number of kin at any point recorded in Malaysian history. Most of them (78%) work in urban communities (Worldometers, 2020). The two guys and females in Malaysia's Generation Z have a high proficiency pace of 97%, as indicated by gauges (UNESCO, 2016).

1.3 Problem Statement

Customer needs have changed dramatically in favor of the service industry around the world. Any business that provides services strive to enhance the quality of their offerings so that customers are satisfied. Companies that operate in the shipping industry are in the similar boat. To meet the needs and desires of their customer base, delivery companies are now focusing more on quality standards.

The customer purchases items through online order, the consumer sees the delivery platform. Some things can be seen, such as the degree of customer loyalty. According to Mokhtar (2013) the services offered by Courier service domestically position packaging on international websites, but the packaging is inaccurate and the commodity content is lost during distribution. Customers have requested their applications, but the national courier contract declines to offer any compensation.

As a delivery company, its clients must be able to acquire services from the national courier association before they are responsible for distributing the package. The courier service covers cities across Malaysia, providing equal delivery, shipping on the next day and time-safe running. It on tops runs regional delivery services to more than 200 countries around the world. As a result of the exquisite rise of internet purchases and businesses, the demand for national courier products has expanded considerably.

The contextual relation that customers establish between their expectations for a service and their understanding of how the service was performed was managed to assess service quality. Service quality, according to Parasuraman (1985), remain a feature of the discrepancies between expectation and performance across ten key dimensions. Customer satisfaction, according to Liu (2000), remain a feature of service efficiency in relation to customer expectations. As a result, it's critical to comprehend how consumer expectations are shaped in order to recognize the factors that influence service satisfaction.

Different consumers receive various standards based on their experience of a product or service, as Reisig & Chandek (2001) stated. This may imply that a customer will guess what service performance would be like or think about what service performance should be like. Customers will be satisfied whether the service output fulfils or exceeds their expectations. Customers, on the other hand, are more likely to be disappointed if service efficiency falls short of expectations. Customer satisfaction remains a business concept that describes how customers feel about goods and services.

This study examines the e-service quality delivery service with customer satisfaction and customer loyalty Youth Generation in Klang Valley with the current condition of courier service in Malaysia.

1.4 Research Objective

This paper going to know the customer satisfaction and customer loyalty among youth generation. Therefore, the prime purpose of this study is:

a) To study the effect of service responsiveness on customer satisfaction and customer loyalty.
b) To study the effect of service reliability on customer satisfaction and customer loyalty
c) To study the effect of tangibles on customer satisfaction and customer loyalty.
d) To study the effect of assurances on customer satisfaction and customer loyalty.
e) To study the effect of empathy on customer satisfaction and customer loyalty.

1.5 Research Question

The research question for this paper eventuates from the problem statement, and which is specified as follows:

a. Is there the effect of service responsive on customer satisfaction and loyalty?
b. Is there the effect of service reliability on customer satisfaction and customer loyalty?
c. Is there the effect of tangibles on customer satisfaction and customer loyalty?
d. Is there the effect of assurances on customer satisfaction and customer loyalty?
e. Is there the effect of empathy on customer satisfaction and customer loyalty?

1.6 Hypothesis

There are there hypotheses were developing according to the conceptual framework which is in line the objective that was identified.

HA_1 : Responsiveness has significant positive impact on customer satisfaction and customer loyalty.

HA_2: Reliability has significant positive impact on customer satisfaction and customer loyalty.

HA_3: Tangibles has significant positive impact on customer satisfaction and customer loyalty.

HA_4: Assurance has significant positive impact on customer satisfaction and customer loyalty.

HA_5: Empathy has significant positive impact on customer satisfaction and customer loyalty.