

CHAPTER

6

LOGISTICS SERVICE QUALITY IMPACTS IN E-COMMERCE LOGISTICS FIRMS

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6.1 INTRODUCTION

Coronavirus Disease 19 (COVID-19) pandemics has impacted many businesses worldwide, and the implementation of the Movement Control Order (MCO) in Malaysia thus hampered many businesses, forcing them to cease operation during the MCO. The quick adaptation of businesses to switch to e-commerce because of the pandemic COVID-19 has triggered the demand of logistics service providers (LSP). COVID-19 pandemics have impacted many businesses worldwide, and the implementation of the MCO in Malaysia has prevented many businesses from shutting down their operations during the MCO. The rapid shift of businesses to e-commerce due to the COVID-19 pandemic has triggered the demand for LSPs (Capitalizing on Growth in Logistics, 2021).

According to Rajendran et al. (2018), online shopping had become popular among Malaysians even before the pandemic. Therefore, customer satisfaction becomes an important element for benchmarking in developing quality attributes to improve the e-commerce logistics sector (Restuputri et al., 2021) and logistics service providers to serve as a

scorecard for improvement (Revindran et al., 2020). Restuputri et al. (2020) noted that logistics service quality (LSQ) influences customer satisfaction, as shown by research in Indonesia, and that managers should focus on attracting more future customers. The study reveals that improvements in punctuality, order accuracy, and information tracking are essential. These elements significantly influence customer satisfaction and their willingness to purchase from e-commerce platforms.

According to Rajendran et al. (2018), due to the surge in online retailers' activities and e-commerce transactions, 50% of Malaysians have cited timeliness as the main reason for their dissatisfaction, as well as damaged products and order discrepancies such as wrong quantities. According to Rajendran et al. (2018) many emerging LSPs are becoming a threat to existing LSPs and play an important role in capturing customer traffic in online shopping to remain competitive, with further innovative improvements required. Revindran et al. (2020) also pointed out the importance of customer satisfaction, or voice of customer (VoC) for businesses to use as a benchmark to improve their services. This study therefore aims to investigate the relationship between LSQ dimensions and customer satisfaction in e-commerce logistics.

The objectives of this study are (1) To investigate the relationship between LSQ and customer satisfaction in the e-commerce logistics companies and (2) To determine the level of LSQ in e-commerce logistics companies in Malaysia.

6.2 E-COMMERCE LOGISTICS IN MALAYSIA

Rajasekar and Agarwal (2016) define e-commerce as an activity that requires the internet and involves a transaction of buying and selling products. Revindran et al. (2020) further elaborate that e-commerce does not require the consumer to be physically present to buy goods but only to make a click on their smartphone. Research by Austrade (2020) found that the rapid development of internet infrastructure in Malaysia and the COVID-19 pandemic is a catalyst for the population to become tech-savvy, so that an affordable smartphone and good internet

penetration have become widely accessible, boosting sales and internet traffic for online shopping. Austrade (2020) forecasts Malaysian e-commerce to grow steadily from 2018 to 2023, with a revenue cap of USD12.1 billion in 2019 alone, positively impacting e-commerce logistics companies. Viu-Roig and Alvarez-Palau (2020) noted that the huge growth of the e-commerce sector has created problems. Customers faced delivery delays, especially during peak sales periods (e.g. Black Friday), which affected customer satisfaction. Customers faced delivery delays, especially during peak sales periods (e.g. Black Friday), which affected customer satisfaction.

A study by Austrade (2020) found that there are a large number of small and medium-sized enterprises (SME) players in e-commerce, grouping supply chain and logistics together, and a large number of international logistics service providers in Malaysia. Capitalizing on Growth (2021) noted that there is an exponential growth in activities between logistics service providers and the e-commerce industry as many Malaysians switch from physical purchases to online purchases during the period of COVID-19. According to a report by Capitalizing on Growth (2021), a local company, TheLorry, found that its systems and operations were stressed during the peak period and unable to cope with the high demand during the blackout period, indicating that consumers will continue to buy online even after the pandemic. Choo et al. (2016) highlight the last-mile delivery challenge, noting that while customers expect rapid delivery, logistics providers must optimize efficiency to handle high parcel volumes. Figure 6.1 illustrates the activities of how e-commerce works from the manufacturer or supplier to the end customer.

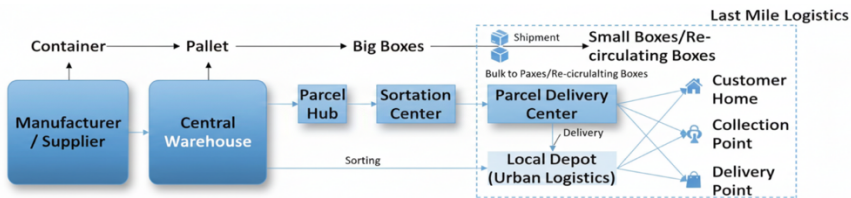


Figure 6.1 Activities of e-commerce logistics (Source: Choo et al., 2016)