Assessing Service Quality, Switching Costs and Customer Loyalty in Home-Delivery Services in Taiwan

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ABSTRACT This study empirically investigated service quality, switching costs and customer loyalty from home-delivery services’ customers’ perspective. With regard to service quality attributes, findings indicated that customers were most satisfied with ‘range of delivery’, followed by ‘seldom loses parcels’, ‘invoice accuracy’, ‘prompt and reliable collection’ and ‘delivery by due time’. They were least satisfied with competitiveness of price. A structural equation modelling (SEM) approach was employed to analyse the impact of service quality and switching costs on customer loyalty from customers’ perspective. Results revealed that service quality positively influenced switching costs and customer loyalty, and switching costs had a positive effect on customer loyalty. Investigation of the moderating effect of switching costs on the relationship between service quality and customer loyalty indicated that it was significantly important. Theoretical and practical implications of the findings for firms providing home-delivery services are discussed.

Introduction

In recent years, convenience, quality, integrated and speedy home-delivery services have developed in major East-North Asian countries, for example, Taiwan, Japan, Korea, and China. The home-delivery service, which developed in Japan, has been defined as a delivery business which mainly focuses on small parcel delivery services for consumers and organizations (Yamoto, 2007). In 1976, the Yamato Transport Company was the first company to use local transportation facilities to distribute commodities in the northeast area of Japan. There are currently five major home-delivery service companies in Japan: Yamato Transport, Sagawa Express, Nippon Express, Fukuyama Transport and Seino Transportation (Ministry of Land, Infrastructure and Transportation, Japan, 2007). As regards the number of parcels delivered, Yamato Transport held 40.2% of the market share of...