

A Study of Factors Influencing Customer Satisfaction: An Implementation on Thai Postal Service, Bangkok Area

Tanyaporn Kaniganat, and Sirion Chaipoopirutana

Abstract— The purpose of this study is to examine relationship between operational performance, relational performance, cost performance, organization, and customer satisfaction towards Thai Postal Service (TPS) in Bangkok, Thailand. The 400 self-administrated questionnaires were distributed to customers of TPS at the central branch located in Bang-Rak district. The data analysis was analyzed by using Pearson's correlation coefficient. The results show that all independent variables have positive relationship with customer satisfaction as expected. Among those independent factors, the highest positive result of the coefficient correlation is the relationship between organization image and customer satisfaction. Based on these results, TPS should consider those factors in order to increase customer satisfaction which may increase customer retention and loyalty that may lead to higher profit to the company.

Keywords— Customer Satisfaction, Service Quality, Postal Service, Logistics, Business Management..

I. INTRODUCTION

CUSTOMER satisfaction is theoretically essential and useful for most companies and consumer researchers (Dabholkar *et al.*, 1996 [8]; Fournier and Mick, 1999 [12]). It is also a major success factor of a company in an extremely competitive world market (Jamal and Naser, 2002) [17]. Companies cannot undervalue the customer satisfaction and customer retention because they are important to develop market-oriented and customer-focused strategies (Kohli and Jaworski, 1990 [19]). Therefore, the customer satisfaction has become a crucial company's objective as companies are trying to improve the quality of their products and services (Bitner and Hubbert, 1994 [2]).

Postal service is considered as a kind of logistics services that generate value by providing a customer's delivery condition in a cost effective approach (Stank *et al.*, 2003 [27]). Daugherty, Stank, and Ellinger (1998) [9] studied relationship between the service performance and customer satisfaction that links to customer loyalty and business market share. The results showed that a high level of logistics performance has a significant relationship with market share generated by customer satisfaction and loyalty. Stank *et al.* (2003) [27] also

proposed a framework of determinants of relational performance, operational performance, and cost performance affecting customer satisfaction. In addition, organization image is another element for customer satisfaction and loyalty (Bloemer and De Ruyter, 1998 [3]).

For the past decade, TPS had been in unstable situation because there were many international freight forwarder branches in Thailand. In addition, there were also complaints about its unacceptable service quality. Many people complained that their mails were lost, and several parcels had been sent to the wrong addresses. They also complained about damaged packages but TPS took responsible for only limited costs.

Stank (2003) [27] stated that logistics built value by meeting customer's requirements in delivery performance, service performance, requested delivery time frame, and cost effectiveness. The objective of his research was to examine the relationship between customer satisfaction and four independent factors, namely operational performance, relational performance, cost performance, and organization image of the TPS.

The TPS is a major logistics company that has been operating for Thai people for a long time. The company could be one of the leading postal companies in Asean Economic Community (AEC) region if they understand the customer demand and satisfaction level.

The research is organized as follows. First, the relational performance, operational performance, cost performance, organization image, and customer satisfaction for the TPS are defined. A synthesis of the Postal Service operations and previous studies formulates the principle of a conceptual model involved with the relational, operational, cost, and company image factors of the postal service performance to the customer satisfaction. The techniques used to gather data and test the model are described next, followed by a detailed discussion of results. Finally, the recommendation of the findings and further study are presented.

II. LITERATURE REVIEW

A. CUSTOMER SATISFACTION

Zeithaml, Berry and Parasuraman (1993) [28] defined *customer satisfaction* as a gap of expected service level and perceived service level performed by a company to its customer. Also, customer satisfaction means emotional

Tanyaporn Kaniganat is with the Graduate School of Business, Assumption University of Thailand (phone: 0827859001; e-mail: tanya.kaniganat@gmail.com).

Sirion Chaipoopirutana is with the Graduate School of Business, Assumption University of Thailand (e-mail: sirionc@gmail.com).

response that customers feel to company, store, merchandise, employee, or service after making a purchase or using a service from one company (Anderson and Fornell, 2000 [1]). Kotler and Keller (2012) [20] defined customer satisfaction as an individual's emotions of preference or displeasure measured by comparing a product or service's outcome to expectation.

B. OPERATIONAL PERFORMANCE

Flynn *et al.* (1995) [11] defined *operational performance* as a combination of several performance factors. It is measured by effectiveness, efficiency and accountability such as productivity, cycle time, and supervisory compliance. The operational performance is also referred to resource availability because it is a common valuation area for service performance (Leenders *et al.*, 2002 [21]). Chelariu *et al.* (2014) [5] stated that the operational performance was the most dominant performance in the logistics task.

C. RELATIONAL PERFORMANCE

Chen *et al.* (2004) [6] defined *relational performance* as a capability of a company employee's relationship with his/her customers such as the acceptance of short-term or long-term relationship and communication. Gulati (2007) [15] stated that there are four Cs of relational performance: connection, coordination, capability, and cooperation. Also, Chelariu *et al.* (2014) [5] defined that the relational performance can be measured by value and strength of the relationship between a company and its customers.

D. COST PERFORMANCE

Chen *et al.* (2008) [7] defined *cost performance* as the difference between the worth that customers expect to derive from the company and value created in their transaction. They also compared the cost performance of one company with another. Cost performance can be measured by return on investment, gross margin and financial expenses (Scarlat *et al.*, 2010 [26]). Also, Chelariu *et al.* (2014) [5] stated that cost performance can be defined as performance measures used to evaluate the degree to which a company offers or obtains economic value to its customers.

E. ORGANIZATION IMAGE

Keller (1993) [18] defined *organization image* as an awareness of a company reflected in the consumer remembrance. Gronroos (1990) [14] concluded that the organization image is related to value, standardized quality, satisfaction, and loyalty. There are other definitions of image described in marketing and psychological literature. For example, the image can be defined as a subjective awareness (Boulding, 1956 [4]), a characteristic (Hirschman *et al.*, 1978 [16]), or a mix of product characteristics that differ from the physical product, however; it was recognized with the product (Erickson *et al.*, 1984 [10]). Gronroos (1984) [13] mentioned that image was the most important factor to service companies measured by customer's valuation on the perceived service experiences. Although an organization image is intangible,

improving it can help management increase competitive advantage of the company (Nguyen and LeBlanc, 1998 [22]).

F. CUSTOMER LOYALTY

Customer loyalty is generally conceptualized as the intention to purchase again from the same company. Anderson and Fornell, 2000 [1] conceptualized loyalty as a customer's continued patronage of a particular bank. Oliver (1997) [23] defined loyalty as a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, which causes repetitive same-brand or same-brand set purchasing, despite any situational influences and marketing efforts that might cause switching behavior.

III. RESEARCH FRAMEWORK AND METHODOLOGY

A. Research Framework

This section describes the research framework of this study. Figure 1 illustrates the research model of determinants influencing the customer satisfaction. There were 6 hypotheses formulated based on the conceptual framework and they are shown as follows:

- H1 Relational performance has a significant relationship with operational performance
- H2 Relational performance has a significant relationship with cost performance
- H3 Operational performance has a significant relationship with customer satisfaction
- H4 Relational Performance has a significant relationship with customer satisfaction
- H5 Cost Performance has a significant relationship with customer satisfaction
- H6 Organization Image has a significant relationship with customer satisfaction

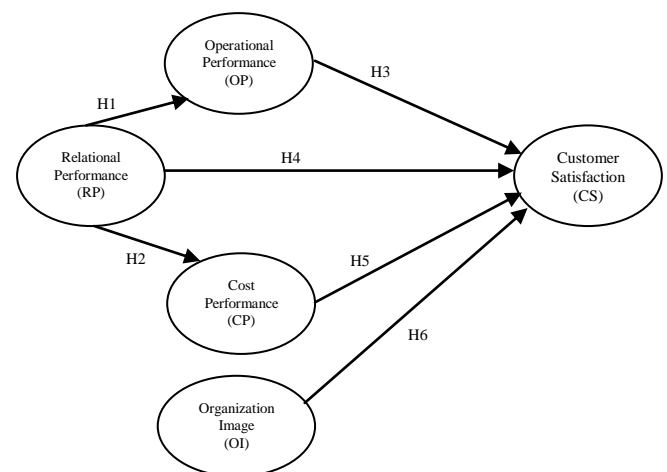


Fig.1 The research model of factors on customer satisfaction.

B. Research Methodology

Descriptive research is applied to be used as a method of research. Descriptive research supplies data about specific behavior as it occurs in the particular situation, not an

experimental study. However, the descriptive research can only express about “what, where, when, who, and how” of occurrence, not what caused it (Zikmund *et al.* 2013 [29]). Conventionally, descriptive research engages in three major groups which are observation, case studies, and surveys.

Survey is a research technique that a sample is asked in some form or the activity of respondent is monitored and analyzed in some method (Zikmund *et al.* 2013 [29]). The researchers used survey in collecting data from respondents who has experience in using a service from Thailand Postal Office. The data is gathered by distributing questionnaire or interview, and the respondents are provided written questions as a self-administered survey. The benefits of survey are providing quick response, inexpensive, efficient, and accurate means of accessing information about population.

In this study, the researchers collected the data from customers of TPS which the sample size was equal 400, and the researchers distributed survey questionnaires at the central branch of Thailand postal office located in Bang-Rak district.

IV. RESEARCH AND FINDINGS

This section is intended to show the result of relationship among customer satisfaction from relational performance, operational performance, cost performance, and organization image in order to answer the research questions, See Table 1 below. To examine the relationship between two variables, the Bivariate Correlation test (Pearson's Correlation) was used to test the hypothesis at the .05 level of significance in all hypothesis testing.

TABLE I
SUMMARY OF HYPOTHESES TESTING

Hypothesis Statements	Statistical Test	Correlation	Level of Significant	Results
H1a: Relational performance has a significant relationship with operational performance.	Pearson's Correlation	0.756**	0.000	Rejected H1o
H2a: Relational performance has a significant relationship with cost performance.	Pearson's Correlation	0.536**	0.000	Rejected H2o
H3a: Operational performance has a significant relationship with customer satisfaction.	Pearson's Correlation	0.743**	0.000	Rejected H3o
H4a: Relational Performance has a significant relationship with customer satisfaction.	Pearson's Correlation	0.698**	0.000	Rejected H4o
H5a: Cost Performance has a significant relationship with customer satisfaction.	Pearson's Correlation	0.591**	0.000	Rejected H5o
H6a: Organization Image has a significant relationship with customer satisfaction.	Pearson's Correlation	0.810**	0.000	Rejected H6o

The testing results from Table 1 show the highest level of correlation coefficient of the relationship between organization image and customer satisfaction which is at .810 which is interpreted as a very strong positive relationship. It is also analyzed that an increase in organization image of TPS may lead to an increase in customer satisfaction for its customers. This is not a surprising result because the corporate image is a well known accepted by many organizations as one of the important factors that may represent company reflections towards its stakeholders.

The lowest level of correlation coefficient of the independent factor to customer satisfaction is the relationship between cost performance and customer satisfaction. The result shows the correlation level at .591 which can be interpreted as a moderate positive relationship. This can be analyzed that customers of TPS think that the cost of the service is not a major factor for the customer satisfaction. It can also be interpreted that the levels of customer satisfaction have small relationship with the prices that the customer paid.

V. SUMMARY AND CONCLUSIONS

Customer satisfaction of TPS is currently an issue widely mentioned in our society and has become a major consideration topic for TPS management team to improve. According to the result of hypotheses testing, relational performance, operational performance, cost performance, and organization image are factors that impact to the customer satisfaction. In addition, the relationship between organization image and customer satisfaction also has the highest coefficient correlation at .810 which is analyzed as a very strong positive relationship. This means organization image for example physical image, reputation, custom, beliefs, company name, price levels, variety of services, and the value experienced by each person towards a company are major factor influencing customer's perception of satisfaction. Moreover, both operational performance and relational performance also have strongly positive relationship with customer satisfaction at the coefficient correlation of .743 and .698, respectively.

VI. RECOMMENDATIONS

According to the finding of this study, the researchers found that all independent variables (relational performance, operational performance, cost performance, and organization image) have significant relationship with customer satisfaction at different correlation levels, which can be grouped into three categories which are very strong positive relationship, strong positive relationship, and moderate positive relationship. Thus, the researchers would like to suggest that TPS has to improve customer satisfaction based on the following recommendations.

Based on the result from hypothesis six, the researchers found the strongest positive significant relationship between organizational image and customer satisfaction. The researchers would like to suggest the company reinforce both physical image and organization reputation image. The company should improve the physical image by modifying the office environment to have more business friendly atmosphere. The company should also renovate each branch of the postal office to be more convenient for their customers to do both monetary and non-monetary transaction, provide more postal products and facilities.

For the organization reputation which is now being issues on the parcel and mail delivery service performance of TPS, the company should retrieve good feeling back from the customer by posting optimistic customer experiences via variety channels. For example, the company should post customers' impressive feeling after receiving parcels or mails from the company to TV commercial, advertisements, and social media e.g. Facebook, Twitter, Instagram, and YouTube.

Based on the result from hypothesis one and three, the researchers found a strong positive significant relationship between customer satisfaction and operational performance. The result also showed a strong positive significant relationship between relational performance and customer satisfaction. The researchers would like to suggest the company strengthen both operational and relational performance by improving the service quality in some areas. To improve the operational performance, the company should convey regular mail, EMS, and parcel as promised deadlines, and all items must be delivered in good condition. In addition, a postman should perform well in delivery tasks, for example; the customers should receive items they ordered, not unordered items or the items must be sent to the right place and right person without any damages. Next, the staff should be accountable in handling any issues in the customer services. The staff should be able to give good advice and help customers to solve any problems. Finally, TPS should have effective personnel assessment system to evaluate the staff's performance.

There are also some recommendations for relational performance improvement. First, the staff should be well trained in professional product and service knowledge in order to have capability to assist customers. Second, the staff should also have high communication skills and perform willingness to help customers. They can be trained about how to service and ways to deal with customer's trouble while they are giving

services to the customers. Next, the staff should provide prompt service right away after receiving customer requirements. Thus, the staff should be alert and energetic during the working hours. Lastly, the company should give rewards to high performed employees in order to encourage them to improve their service quality. The rewards could be souvenir gifts, public announcement in a company, monetary rewards, bonus, or promotions based on the company's human resource policy.

Also, the researchers found that cost performance has a moderate positive significant relationship with customer satisfaction. The researchers also would like to suggest the company perform good service that is worth for customer's payment. Based on the collected data, many customers think that TPS offers competitive price of unit and total cost. Thus, the company should persuade customer to get postal service from the company because of the cost advantage.

FURTHER RESEARCH

The further study may include other independent variables not studied in the research framework such as expectation, perceived value or five dimensions in the SERVPERF model (tangibility, empathy, assurance, reliability, and responsiveness) developed by Parasuraman *et al.* (1985, 1988) [24], [25] influencing customer satisfaction.

Next, the further study may expand to have more dependent variables such as customer retention or loyalty and change the customer satisfaction from dependent variable to mediator between independent factors and dependent factors.

Finally, the further study may also compare customer satisfaction levels between the TPS and some other postal companies. This will help the company compare its performance and competitor's performance in order to improve the service quality and increase customer satisfaction in the competitive global market of business (Jamal and Naser, 2002 [17]).

ACKNOWLEDGMENT

Completion of this research was possible with the support of several people. I would like to express my sincere gratitude to all of them.

Foremost, I would like to thank my advisor Asst. Prof. Dr. Sirion Chaipoopirutana for her valuable guidance, assistance, scholarly inputs and consistent encouragement I received throughout the research work.

Secondly, the most important, I would like to thank my beloved family especially lovely husband, my mother and all dear friends such as Dr. Nidapan Sureerattanan and Dr. Paskorn Apirukvorapinit and some others for their supports and encouragement during the research period. I also wish to thank Thai Postal Service and all the respondents who were willing to respond the questionnaire.

Lastly, I would like to thank Thai-Nichi Institute of Technology for the financial support on the MBA program at Assumption University.

REFERENCES

- [1] Anderson, W. E. and Fornell, C. (2000). Foundations of the American Customer Satisfaction Index. *Total Quality Management*, 11(7). 869-882.
<http://dx.doi.org/10.1080/09544120050135425>
- [2] Bitner, M. J. and Hubber, A. R. (1994). Encounter satisfaction versus overall satisfaction versus quality, in Rust, R. T. and Oliver, R. L. (Eds). *Service Quality: New Directions in Theory and Practice*. London: Sage.
- [3] Bloemer J., De Ruyter, K. (1998). On the relationship between store image, store satisfaction, and store loyalty. *European Journal of Marketing*, 32(5). 499-513.
<http://dx.doi.org/10.1108/03090569810216118>
- [4] Boulding, K. E. (1956). *The Image*. University of Michigan Press, Ann Arbor, MI.
- [5] Chelariu, C., Asare, K. A. and Alejandro, B. T. (2014). "A ROSE, by any other name"...: relationship typology and performance measurement in supply chains. *Journal of Business & Industrial Marketing*, 29(4). 332-343.
<http://dx.doi.org/10.1108/JBIM-08-2013-0178>
- [6] Chen, I. J., Paulraj, A. and Lado, A. (2004). Strategic purchasing, supply management, and firm performance. *Journal of Operations Management*, 22(5). 505-523.
<http://dx.doi.org/10.1016/j.jom.2004.06.002>
- [7] Chen, L. J., Chen, C. C. and Lee, W. R. (2008). Strategic capabilities, innovation intensity, and performance of service firms. *Journal of Service Science and Management*, 1(2). 111-122.
<http://dx.doi.org/10.4236/jssm.2008.12011>
- [8] Dabholkar, P. A., Thorpe, D. I. and Rentz, J. O. (1996). A measure of service quality for retail stores: scale development and validation. *Journal of the Academy of Marketing Science*, 24(1). 3-16.
<http://dx.doi.org/10.1007/BF02893933>
- [9] Daugherty, P. J., Stank, P. T., Ellinger, E. A. (1998). Leveraging logistics/distribution capabilities: The impact of logistics service on market share. *Journal of Business Logistics*, 19(2), 35-51.
- [10] Erickson, G. M., Johansson, J. K. and Chao, P. (1984), Image variables in multiattribute product evaluations: country-of-origin effects. *Journal of Consumer Research*, 11(2). 694-699.
<http://dx.doi.org/10.1086/209005>
- [11] Flynn, B. B., Sakakibara, S. and Schroeder, R. G. (1995). Relationship between JIT and TQM: practices and performance. *The Academy of Management Journal*, 38(5). 1325-1360.
<http://dx.doi.org/10.2307/256860>
- [12] Fournier, S. and Mick, D. G. (1999). Rediscovering satisfaction. *Journal of Marketing*, 63(4). 5-23.
<http://dx.doi.org/10.2307/1251971>
- [13] Gronroos, C. (1984), A service quality model and its marketing implications. *European Journal of Marketing*, 18(4). 36-44.
<http://dx.doi.org/10.1108/EUM000000004784>
- [14] Gronroos, C. (1990). *Managing Total Market Communication and Image*. *Service Management and Marketing*. Lexington, Massesues: Lexington Books.
- [15] Gulati, R. (2007). Silo busting: how to execute on the promise of customer focus. *Harvard Business Review*, 85(5). 98-108.
- [16] Hirschman, E. C., Greenberg, B. and Robertson, D. H. (1978). The intermarket reliability of retail image research: an empirical examination. *Journal of Retail*, 54(1). 3-12.
- [17] Jamal, A. and Naser, K. (2003). Factors influencing customer satisfaction in the retail banking sector in Pakistan. *International Journal of Commerce & Management*, 13(2). 29-53.
<http://dx.doi.org/10.1108/eb047465>
- [18] Keller, K. L. (1993). Conceptualizing, Measuring, and Managing Customer-Based Brand Equity. *Journal of Marketing*. 1-22.
<http://dx.doi.org/10.2307/1252054>
- [19] Kohli, A. K. and Jaworski, B. J. (1990). Market orientation the construct, research propositions, and managerial implications. *Journal of Marketing*, 54(2). 20-35.
<http://dx.doi.org/10.2307/1251866>
- [20] Kotler, P., Keller, K. (2012). *Marketing Management* (14 ed.). NewYork: Prentice Hall.
- [21] Leenders, M., Fearon, H., Flynn, A. and Johnson, P. (2002). *Purchasing and Supply Management*. Chicago, IL: McGraw-Hill Irwin.
- [22] Nguyen, N. and LeBlanc, G. (1998). The mediating role of corporate image on customers' retention decisions: an investigation in financial services. *International Journal of Bank Marketing*, 16(2). 52-65.
<http://dx.doi.org/10.1108/02652329810206707>
- [23] Oliver, L. R. (1980). A Cognitive Nodel of the Antecedents and Consequences of Satisfaction Decisions. *Journal of Marketing Research*, 17. 460-469.
<http://dx.doi.org/10.2307/3150499>
- [24] Parasuraman, A., Zeithaml, A. V., Berry, L. L. (1985). A conceptual model of service quality and its implications for future research. *Journal of Marketing*, 49(4). 41-50.
<http://dx.doi.org/10.2307/1251430>
- [25] Parasuraman, A., Zeithaml, A. V., Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1), 12-40.
- [26] Scarlat, E., Maracine, V. and Delcea, C. (2010). Genetic-fuzzy-grey algorithms: a hybrid model for establishing companies' failure reasons. Paper presented at IEEE SMC Conference, Istanbul, Turkey.
- [27] Stank, P. T., Goldsby, J. T., Vickery, K. S., Savitskie, K. (2003). Logistics service performance: estimating its influence on market share. *Journal of Business Logistics*, 24(1), 27-55.
<http://dx.doi.org/10.1002/j.2158-1592.2003.tb00031.x>
- [28] Zeithaml, V. A., Berry L. L. & Parasuraman, (1993). The nature and determinants of customer expectations of service. *Journal of the Academy of Marketing Science*, 21(1). 1-12.
<http://dx.doi.org/10.1177/0092070393211001>
- [29] Zikmund, G. W., Babin, J. B., Carr, C. J. and Griffin, M. (2013). *Business Research Methods* (9 ed.) International: Cengage.