

Impact of Logistics Service Quality on Customer Loyalty: A Case on Sri Lankan Shipping Industry

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Shipping industry in Sri Lanka is one of the major industries in its contribution to the Sri Lankan economy. It has faced lot of challenges in the recent past and has shown an immense growth potential. Therefore, finding ways and means of improving the shipping industry is significant for the development of Sri Lankan economy. It was found from the literature that the shipping industry plays a major role as a logistics service provider. Therefore, to improve the profitability of this particular industry it is important to improve the logistics service quality. It was further identified one main way to improve the profitability is through improving the customer loyalty. Practical implications were identified that even though there are systems and procedures are implemented in this industry, there is a lacking in customer loyalty due to several reasons. Practice implied that the relationship quality can be a main reason for this. Therefore, the research problem was identified as How does the logistics service quality impact on customer loyalty through the relationship quality? A conceptual framework was developed through the literature review where three direct hypotheses and a mediator hypothesis was identified as logistics service quality, relationship quality and customer loyalty. Quantitative data analysis approach was used with a questionnaire-based survey. Data collection was done through sample of 308 freight forwarders. In SPSS data analysis software, descriptive analysis was conducted, reliability and validity was assured and Multiple regression was used as the data analysis technique to test the hypotheses. Data analysis revealed that there is a positive relationship between logistics service quality and relationship quality, relationship quality and customer loyalty, logistics service quality and customer loyalty and relationship quality mediate the relationship between logistics service quality and customer loyalty. Findings were further used to propose recommendations to improve the shipping industry.

Keywords: *Customer Loyalty, Logistics Service Quality, Relationship Quality, Shipping Industry*