

## Enhancing Customer Loyalty Through Service Quality: A Congruity Value Theory Perspective in Indonesian Postal Services

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### KEYWORDS

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### ABSTRACT

Based on congruity value theory, this research aims to examine the effect of service quality on customer loyalty and the mediating role of customer satisfaction in delivery services via post offices in Central Java Province, Indonesia. A total of 120 respondents, data was collected from post office customers using purposive random techniques and analyzed using Partial Least Square (PLS) 3.0. The research results show that service quality has a significant positive influence on customer satisfaction. Customer satisfaction has a significant influence on customer loyalty. The findings also show that service quality directly has a positive effect on customer loyalty. However, service quality has a greater indirect influence on customer loyalty through customer satisfaction. These findings contribute to the management of delivery services at post offices by building customer satisfaction to increase customer loyalty based on superior service quality.

### INTRODUCTION

Customers are one of the important assets for the firm sustainability (Besterfield, 2003). Therefore, understanding needs and expectations is an important element for building competitiveness and maintaining company business continuity (Bupu et al., 2023). Referring to congruity value theory, the existence of value congruence between customer expectations and the actual value. Several previous studies confirmed that good

they receive, or feel is the main consideration for consumers in developing sustainable relationships with companies (Lee & Jeong, 2014).

Thus, to build sustainable relationships with customers, companies must continue to improve the quality of their services which can provide added value to customers compared to the value provided by competitors (Lee & Jeong, 2014).

service quality can increase positive

attitudes towards customer satisfaction, for example (Dam & Dam, 2021; Putro & Rachmat, 2019; Sivadas & Baker-Prewitt, 2000). In line with these results, research (Bupu et al., 2023) confirms that customers who feel the value of better service quality contribute positively to customer intentions and positive behaviour regarding their relationship with the company. Furthermore, the satisfaction felt by customers regarding the quality of service they receive will be an important factor in building loyalty and fidelity to continue using the products and services provided by the company (Khadka, Kabu & Maharjan, 2017; Leninkumar, 2017; Naini et al., 2022; Slack et al., 2020). However, several other studies show different results that customer satisfaction is not necessarily the main factor in building customer loyalty (Ajao et al., 2012; Bowen & Chen, 2001; Supriyanto et al., 2021). The empirical phenomenon experienced by the post office in the province of Central Java, Indonesia as a provider of delivery services, is still experiencing problems, namely the decline in customers using delivery services which has reached 80%. This condition is a serious concern for service managers to be able to continue to maintain the continuity and competitiveness of their business.

Based on research gaps and these phenomena, we conducted research to fill the existing gaps, and the results of this study theoretically contribute to strengthening congruity value theory and managerially will contribute to the development of delivery services at post offices in the Central Java Province region.

## **LITERATURE REVIEW**

### **Congruity Value Theory**

According to congruity value theory, the value perceived by consumers is a critical factor in establishing a strong connection with a company. This perceived congruity significantly influences attitudes, such as developing a positive outlook toward a specific service or product, particularly when

it aligns with the brand and meets consumers' expectations (Lee & Jeong, 2014). When there is a perceived alignment between the expectations of customers and the services offered by the company, a psychological connection can form, resulting in beneficial outcomes such as trust, satisfaction, positive behavioural intentions, and loyalty (Lee & Jeong, 2014; Zhang & Bloemer, 2008). Moreover, providing value-added services is identified as a key success factor for maintaining customer relationships (Lee & Jeong, 2014). Brand congruity plays a significant role in post-purchase behaviour, positively impacting customer perceptions and fostering trust and satisfaction. Therefore, a service provider, such as the post office, must build strong customer connections by delivering superior services that meet or exceed customer expectations, thereby earning their trust and loyalty.

### **Service Quality and Customer Satisfaction on Customer Loyalty**

Service quality is a measure of how well the level of service provided by a company meets customer expectations (Parasuraman et al., 1985). In highly competitive global competition, organizations must continue to maintain and improve their performance through improving the quality of products and services. This can be done through fulfilling customer needs which provides added value for customers (Demirbag et al., 2006; Imran et al., 2018; Jong et al., 2019; Neena Sinha Ajay K. Garg Neelam Dhall, 2016). In line with this study, (Cristea, I. G., & Mocuta, 2018) state that the key to surviving in the global market is to focus on the quality of customer service. Several previous studies confirm that there is a relationship between customer satisfaction and the services provided by an organization (Brocato et al., 2012; Fida et al., 2020; Heinonen & Strandvik, 2015; Novokreshchenova et al., 2016).

Research conducted by (Putro & Rachmat, 2019), for example, found a positive relationship between service quality and consumer satisfaction in the retail and banking sectors. This research also found

that customer satisfaction can lead to high commitment and loyalty to banking services. Customers will tend to be loyal if the bank is trustworthy, committed to service, reliable and efficient in communicating with customers, and able to resolve problems well. The same results in the retail sector were also carried out by (Dam & Dam, 2021) who confirmed that the quality of service provided by shops was able to increase positive image and customer satisfaction, which then influenced customer loyalty. Based on further investigation, service quality then influences customer loyalty (Bupu et al., 2023; Leninkumar, 2017; Naini et al., 2022; Slack et al., 2020). These findings support the results of previous research that found employee loyalty was significantly related to service quality.

From the Islamic perspective, customer satisfaction with products or services is influenced by five main principles: *halal*, *tayyib* (good/pure), deliverability, clear definition, and cleanliness. *Halal*: Products must be halal and must not cause negative impacts, such as ignorance or customer dissatisfaction with the product or service. *Thayyib*: Products must be of high quality and meet customer expectations, reflecting purity and excellence. *Deliverability*: Products must be available for delivery to customers. Goods or services that cannot be fulfilled, such as unrealistic promises. *Clear Definition*: Sellers must provide transparent information about the quantity and quality of the product so that customers can understand the value they are receiving. *Cleanliness*: Products must be clean and free from haram elements, such as dogs, pigs, or substances considered impure. Cleanliness enhances customer loyalty and satisfaction with the product and the company (Ahmed.S and Rahman, 2015; Mohiuddin, 2012; Saeed, Mohammad; Ahmed, Zafar U; Mukhtar, 2001).

Aligned with the *congruity theory*, the implementation of these five principles helps establish ethical business

relationships that focus on customer satisfaction following Islamic values. Islam also teaches that in conducting business activities, the value of *amanah* (trust) serves as the main foundation for building loyalty. When customers feel secure and satisfied, they are more likely to remain loyal to a business. As mentioned in the Qur'an: "*Indeed, Allah commands you to render trusts to whom they are due.*" (QS. An- Nisa: 58)

Based on several empirical studies, the following hypothesis is proposed,

H1: service quality has a significant influence on customer satisfaction.

H2: service quality has a significant influence on customer loyalty.

H3: customer satisfaction has a significant influence on customer loyalty.

H4: service quality has an indirect influence on customer loyalty through customer satisfaction.

The theoretical model of the research is presented in Figure 1.

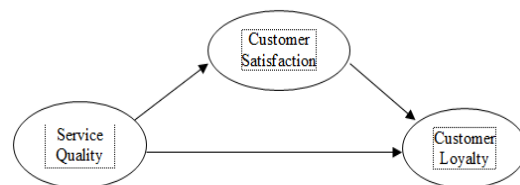


Figure 1. Theoretical Research Model

## RESEARCH METHOD

This research uses a quantitative approach with a survey design. This aims to test the theoretical model as proposed (Figure 1) which explores the influence of service quality on customer satisfaction and customer loyalty. The population of this research is Post office service users in the Ungaran Regency area, Central Java province, Indonesia. A purposive random sampling technique was used to select samples, namely customers who use goods delivery services via post offices in the area. Data was collected through a

questionnaire using a Likert scale (1 for strongly disagree to 5 for strongly agree) which was delivered directly to service users. A total of 120 verified data were collected for analysis, consisting of private employees 50 (41.7%), students 20 (16.7%), Self-Employed Students 23 (19.2%), traders 12 (10%), ASN 9 (7.5%), and others 6 (5 %). Data was collected through a questionnaire using a Likert scale (1 for strongly disagree to 5 for strongly agree) which was delivered directly to service users. Customer loyalty is measured using indicators referring to (Cardia et al., 2019), customer satisfaction and service quality using indicators (Dam & Dam, 2021). The validity of the instrument scale is tested using a loading factor value above 0.7 (Figure 2) and discriminant validity with a value the root of AVE is greater than the correlation between other constructs (Table 1) and the reliability of the instrument is based on a composite reliability value above 0.7 (Table 2) (Ghozali, 2011a). The analysis technique used is Structural Equation Modeling (SEM) with the Partial Least Square (PLS) application. This method was chosen. After all, it is a very strong analytical method because it does not depend on many assumptions and does not require data to be normally distributed, it is flexible for various types of data categories and the sample does not have to be large (Ghozali, 2011a).

## RESEARCH RESULTS AND DISCUSSION

### Outer Model Evaluation (Measurement Model)

The results of the convergent validity instrument test show good validity, that each indicator item has a loading factor value of more than 0.7 (Figure 2), and the AVE root value is greater than the correlation between other constructs (Table 1). This means that the measurement scale has met Discriminant Validity. Likewise, it was also found that the composite reliability value for each variable was more than 0.7 (Table 2), which means that the measurement instrument developed meets good reliability (Ghozali,

2011a).

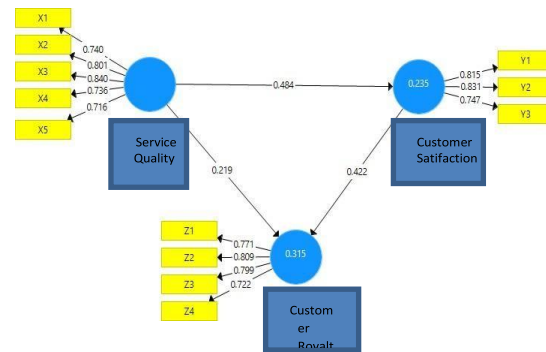


Figure 2. Measurement model test results

Table 1. Discriminant Validity

Variable	Service Quality	Customer Satisfaction	Customer Loyalty
Service Quality	<b>0.768</b>		
Satisfaction Customers	0.484	<b>0.798</b>	
Customer Loyalty	0.423	0.528	<b>0.776</b>

Source: data processed by Smart PLS

Table 2. Cronbach's Alpha and Composite Reliability values

Variable	Cronbach's Alpha	Composite reliability
Service quality	0.825	0.877
Customer satisfaction	0.720	0.840
Customer loyalty	0.780	0.858

Source: Data processed with smart PLS

### Evaluation of Inner Model (Structural Model)

Structural model analysis was carried out to predict the relationship between latent variables (Ghozali, 2011b). Evaluation of the structural model is carried out by looking at the R value<sup>2</sup> (R-Square). Based on data from Table 3, the R-squared value of the customer satisfaction variable is 0.235. This means that the variability of the customer satisfaction construct can be explained by the variability of the service quality construct of 23.5% while the remaining 22.8% is explained by other variables

outside those studied. The R-square value of the customer loyalty variable is 0.315. This means that the variability of the customer loyalty construct can be built through service quality and customer satisfaction of 31.5%, explained by other variables outside those studied. Based on these results, the model fit assessment is included in the medium category.

Table 3. R-Square value

	R Square	Adjusted R Square
Customer satisfaction	0.235	0.228
Customer loyalty	0.315	0.304

Source: Data processed by Smart PLS

Hypothesis test results can be seen from the parameter coefficient values which can be seen in the value (original sample), from *standard deviation*, t-statistic values and *p-values* can be seen in (Table 4). The t-statistic value of the influence coefficient of the latent construct is obtained from *PLS Bootstrapping*. Model Results from *PLS Bootstrapping* are presented in Figure 3.

Table 4. Results of hypothesis tests

Path of influence between variables	Original Sample (O)	Average Sample (M)	Standard Deviation (STDEV)	t Statistics (O/STDEV)	P Values
Service quality -> Customer satisfaction	0.484	0.493	0.080	6.026	0.000
Service quality -> Customer loyalty	0.219	0.233	0.110	1.989	0.047
Customer satisfaction -> Customer loyalty	0.422	0.423	0.093	4.529	0.000

Source: Data processed by Smart PLS

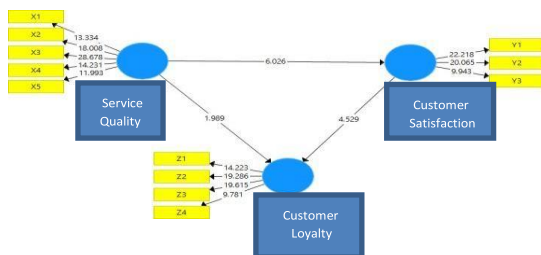


Figure 3. Model PLS *Bootstrapping*

Table 5 Indirect influence test results

Path of influence between variables	Direct influence	Indirect influence	Total influence
Service quality -> Customer satisfaction	6.026		0.484
Customer satisfaction -> Customer loyalty	4.529		0.422
Service quality -> Customer satisfaction -> Customer loyalty		3.738	0.432

Source: Data processed by Smart PLS

Based on the data in Table 4, shows that service quality has a significant positive effect on customer satisfaction with a t-statistic value of 6.026 (H1 is accepted). These findings are in line with previous studies (Demirbag et al., 2006; Fida et al., 2020; Heinonen & Strandvik, 2015; Imran et al., 2018; Jong et al., 2019; Neena Sinha Ajay K. Garg Neelam Dhall, 2016; Novokreshchenova et al., 2016). The results of this research confirm and are in line with research (Besterfield, 2003; Makasi & Saruchera, 2014), that good relationships with customers are an important factor in building customer satisfaction, and this can be achieved when the company can provide service quality that is in line with or even exceeds expectations customer.

There are five concepts of suitability (Dam & Dam, 2021), related to the service dimensions at the Ungaran post office, Central Java, as follows, the tangibles dimension (physical evidence), the Ungaran post office provides cleanliness and comfort. Furthermore, based on the data in Table 5, it is found that service quality has a greater indirect influence on customer loyalty through customer satisfaction with a t-statistic value of 3.738. Greater than the direct influence of service quality on customer loyalty of 1.989. This shows that customer satisfaction plays a very positive and significant mediating role in building customer loyalty. This finding is in line with research (Supriyanto et al., 2021), on bank customers in Indonesia, that service quality has a significant indirect influence on customer loyalty through customer satisfaction. In the context of this research,

based on descriptive data, customer loyalty is shown by their desire to continue using delivery services at the post office on an ongoing basis, and loyalty to continue using delivery services through the post office. These two indicators are perceived as dominant by customers.

## CONCLUSION

This research enhances the understanding of the relationship between service quality, customer satisfaction, and customer loyalty, specifically in the context of post office delivery services. It provides empirical evidence supporting the notion that improving service quality can lead to higher customer satisfaction, which subsequently fosters greater customer loyalty. The findings underline the significant positive direct and indirect effects of service quality on customer loyalty through customer satisfaction. However, this study has several limitations that should be considered when interpreting its results. First, the research context is limited to post office services in specific regions of Central Java, Indonesia, which may restrict the generalizability of the findings to other regions or service industries. Second, the study does not account for potential moderating variables such as customer demographics or external market factors that might influence the observed relationships. Future research should aim to address these limitations by expanding the geographical scope to include a more diverse range of regions and delivery service providers. Additionally, incorporating moderating and mediating variables, such as customer expectations, competition levels, or technological advancements, could provide a more nuanced understanding of how service quality impacts customer satisfaction and loyalty. In practice, post office managers are encouraged to focus on key areas that add value to customers, such as enhancing the security of goods, ensuring timely and reliable delivery, and maintaining clean and comfortable service environments. By addressing these aspects, post offices can strengthen

customer loyalty and remain competitive in the evolving delivery service market.

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