

UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS OF SERVICE QUALITY
AND PERCEIVED VALUE AND ITS IMPACT
ON CUSTOMER SATISFACTION AND
CUSTOMER LOYALTY: AN EMPIRICAL
PERSPECTIVE ON PUBLIC
TRANSPORTATION SECTOR**

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ABSTRACT

Public transport users tend to be dissatisfied when they experience poor service quality provided by public transport. Although there is high demand for public transport, understanding customer needs and how they feel about the services is critical for customer retention as service quality is the important factor that encourages the use of public transport and its services. This study examines the preferred public transport mode in seven different urban areas in the Klang Valley namely, Klang, Shah Alam, Petaling Jaya, Subang Jaya, Kuala Lumpur, Gombak, Ampang and Senawang. Besides that, this study also identifies the seven important elements of public transport services including fares, accessibility, reliability, customer services, communication, trip experience and safety. The aim of this study is to gauge the relationship between service quality, perceived value, customer satisfaction and customer loyalty of existing public transport services. A total of 500 questionnaires were collected and 467 were returned. Descriptive statistics, Cronbach's Alpha and Structural Equation Modelling (SEM) methods have been used to analyze the data. Findings from the descriptive study indicated that LRT is the preferred mode in Klang Valley, while safety is the main important element in public transport services. Results from SEM found support for the effect of the perceived value and satisfaction, perceived value and service quality, perceived value and loyalty; satisfaction and loyalty. However, contrary to results of previous research, service quality had no impact on the satisfaction and loyalty of users. The current research contributes to knowledge in the field of urban transport research. It suggests that better service quality of public transport service is vital to encourage use public transport.

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CHAPTER 1

INTRODUCTION

This chapter discusses the background of the study in Section 1.1. Then, Section 1.2 comprises the problem statement while Section 1.3 discusses the research objectives. The research questions are contained in Section 1.4 and section 1.5 covers the significance of study.

1.1. Background of Study

Public transport plays a vital role in the development of a country. It has become a vital communication medium around the world as it is considered as a necessity for the public, depending on their standard of living. In developed nations such as the United States of America, United Kingdom, Europe, Japan and Singapore, public transport is a necessity as most of the people depend entirely on it in their daily lives although they have their own vehicles. From the review of study, the modal split of public transport in the most developed countries is more than 70: 30. For example, the United Kingdom recorded the highest public transport usage where in 90 percent of the population used public transport as a traveling mode (Public Transport Statistics of United Kingdom, 2009). United States has recorded 10.7 billion trips on a daily basis, which saw an increase of 4 percent in 2009 (American Public Transport Act, 2007). While, in Singapore about 5.308 million trips are made on a daily basis which