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Factors Influencing Customer Choice of Logistics Service Providers: An Empirical Study

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Abstract

E-commerce has grown fast enough in India over the past few years that competition among logistics providers has become genuinely intense, and this has made it worth asking a fairly basic question: what actually pushes a customer to pick one provider over another? This paper looks at that question with specific reference to five well-known players — Amazon Logistics, Delhivery, DTDC, Blue Dart, and India Post. A structured questionnaire was circulated through Google Forms and returned 174 usable responses, covering seven constructs (Service Quality, Delivery Speed, Price Competitiveness, Technology and Tracking, Company Reputation, Customer Satisfaction, and Customer Choice), each rated on a five-point Likert scale. Respondents were reached through convenience sampling, and the resulting data were run through SPSS for reliability testing, descriptive statistics, correlation, factor analysis, multiple regression, and hypothesis testing. Cronbach's Alpha came out at 0.865, which is a reasonably strong reliability figure for the instrument. Every construct correlated positively and significantly with every other, and the tightest relationship by far was between Customer Satisfaction and Customer Choice ($r = 0.791$). The regression model accounted for 62.0 percent of the variance in Customer Choice ($R^2 = 0.620$, $F = 54.735$, $p < 0.001$), and four of the five predictors — Service Quality, Delivery Speed, Technology and Tracking, and Company Reputation — turned out to be significant, while Price Competitiveness did not. Taken together, the results point toward a fairly clear message for logistics firms: reliability, speed, digital tracking, and reputation matter more to customers than price does, at least in this sample. The paper adds to the logistics literature by providing India-specific, empirical evidence on how these determinants stack up against each other in a market where customers genuinely have several providers to choose from.

Keywords: *Logistics Service Providers, Customer Choice, Service Quality, Delivery Speed, Technology and Tracking, Company Reputation, Customer Satisfaction, e-Commerce Logistics, India.*

Introduction

Logistics sits at the heart of modern commerce in a way that's easy to overlook until something goes wrong with a delivery. It covers the planning, execution, and control of how goods flow and get stored between the point of origin and the point of consumption, and over time it has stopped being a background operational task and started functioning as a genuine source of competitive advantage.

Companies no longer compete only on the strength of their products; they also compete on whether they can get those products to customers in the right condition, quantity, place, and time — and at a cost that makes sense. That shift is a large part of why third-party logistics providers have grown so much, offering transportation, warehousing, cross-border movement, packaging, and other value-added services to businesses that would rather not run logistics in-house.

India's logistics sector was valued at roughly USD 243.82 billion in 2025, and its growth has been driven largely by e-commerce, wider internet and smartphone access, and government support through initiatives like the National Logistics Policy and PM Gati Shakti. As transportation, warehousing, and third-party logistics have become more organised and tech-enabled, customers now have a genuinely wide set of providers to choose from. Within the parcel and courier segment in particular, people regularly weigh up options such as Amazon Logistics, Blue Dart, DTDC, Delhivery, and India Post — and they're not just comparing delivery speed. Service quality, tracking, pricing, reliability, and brand trust all factor into the decision.

Figuring out what really drives that choice matters on two fronts. For logistics companies, it's directly useful for building customer-centric strategy. For the academic literature, it extends existing work on logistics service quality and customer choice into the Indian multi-provider retail and e-commerce setting, which hasn't been examined as extensively. This paper, "Factors Influencing Customer Choice of Logistics Service Providers," investigates the question using primary data collected from customers who have actually used these services.

Objectives of the Study

- To study the factors influencing customer choice of logistics service providers.
- To understand the demographic profile and usage pattern of customers using logistics services.
- To examine customers' perceptions towards service quality, delivery speed, price competitiveness, technology and tracking, and company reputation of logistics service providers.
- To assess the level of customer satisfaction towards the services provided by logistics service providers.
- To analyse customer choice and preference towards logistics service providers.
- To examine the relationship between the major influencing factors and customer satisfaction.
- To determine the relationship between customer satisfaction and customer choice of logistics service providers.
- To offer suitable suggestions to logistics service providers based on the findings of the study.

Conceptual Framework and Review of Literature

- **Conceptual Framework**

The framework treats Customer Choice of Logistics Service Providers as the dependent variable, shaped by five independent, service-related factors — Service Quality, Delivery Speed, Price Competitiveness, Technology and Tracking, and Company Reputation — with Customer Satisfaction sitting in between as a mediating construct. This mirrors the broader pattern in the logistics service quality literature, where operational and relational service dimensions are typically linked first to satisfaction, and satisfaction is then linked to loyalty, repurchase intention, or choice behaviour.

- **Review of Literature**

A good deal of research already connects logistics service quality to satisfaction and loyalty, though results vary somewhat by market. Yuaningsih and Cahyadi (2026) found that both service quality and price shaped satisfaction and loyalty among Lion Parcel customers, though satisfaction itself didn't turn out to mediate that relationship in a statistically significant way. Working in Banyumas Regency, Qisthani, Yamani, and Nurisusilawati (2025) identified timeliness, order accuracy, information quality, personal contact quality, and how well mistakes were handled as the dimensions that mattered most for satisfaction.

Cross-border e-commerce research tells a similar story. Yan, Rahim, and Wahab (2024) found that how customers perceived logistics service quality was central to sustaining long-term relationships in China's cross-border e-commerce space, and Cheng and Pang (2024) showed that service quality drove

both satisfaction and loyalty, with satisfaction partially mediating that link. Mitra (2024), working specifically in the Indian context, confirmed that logistics service experience feeds meaningfully into satisfaction and loyalty — a finding that lines up directly with this paper's own Indian focus.

Technology keeps coming up as an increasingly important piece of the puzzle. Huang (2024) showed that technology-driven logistics planning and tracking systems improve transportation efficiency and cut delivery time, and Wang and Zhao (2024), looking at JD's self-built logistics system, found that information quality and system quality strongly shaped how customers perceived the service and whether they kept using it. Both studies support treating Technology and Tracking as its own distinct factor here.

Not every study agrees on which dimensions matter most, though. Sivasangari (2024) found that product accuracy, shipping cost, and reverse logistics significantly affected satisfaction among Malaysian e-commerce customers, while delivery time and product condition didn't reach significance in that particular sample. Phan and Huynh (2023) found something almost the opposite for Vietnamese customers — personnel contact and empathy outweighed information quality and timeliness — which suggests the relative weight of these dimensions really does shift depending on context. That's part of what this paper tests for the Indian market specifically.

Several studies also warn against assuming satisfaction automatically converts into loyalty or choice. Ahmed, Najmi, Kusi-Sarpong, Khan, Khushal, and Quartey (2021) found that service quality strongly predicted satisfaction and relationship quality in the third-party logistics industry, but satisfaction on its own didn't significantly predict loyalty. Pasaribu, Sari, Bulan, and Astuty (2022) found that trust — rather than service quality directly — was what mediated the path to loyalty among Shopee customers. Other work, including Akıl and Ungan (2022), Tang, Chin, Chang, Chang, and Chin (2022), and Lin, Al Mamun, Yang, and Masukujjaman (2023), consistently ties timely delivery, order accuracy, and responsive problem-handling to satisfaction and repeat usage across e-commerce and courier settings. More recently, Ngo, An, Dao, Nguyen, Nguyen, and Phong (2025) and Amril, Santosa, Dewayana, and Amril (2026) extended these findings to Generation Z consumers and found that timeliness, personal contact, and information-sharing remain strong predictors of satisfaction and loyalty even among younger, digitally native users.

Put together, the literature consistently points to service quality, delivery speed or timeliness, technology and tracking, pricing, and reputation as recurring drivers of satisfaction and choice — while also making clear that how much each one matters depends heavily on context. That's the gap this paper aims to fill: testing these factors together in the Indian multi-provider logistics market, using Amazon Logistics, Delhivery, DTDC, Blue Dart, and India Post as the reference providers.

Research Methodology

A descriptive research design was used to capture how customers actually feel about logistics providers — their opinions, expectations, and experiences. Data collection happened through a structured questionnaire on Google Forms, split into four parts: demographic information; fifteen statements covering the independent variables (Service Quality, Delivery Speed, Price Competitiveness, Technology and Tracking, and Company Reputation); seven statements for the mediating variable, Customer Satisfaction; and seven statements for the dependent variable, Customer Choice. All items used a five-point Likert scale running from 1 (Strongly Disagree) to 5 (Strongly Agree).

174 valid responses came in from customers who had prior experience with logistics and delivery services, gathered through convenience sampling. Background material for the industry overview and literature review was pulled from books, peer-reviewed journals, company websites, and industry reports. Once collected, the data were tabulated and run through SPSS using percentage analysis, mean and standard deviation, Cronbach's Alpha for reliability, Pearson correlation, exploratory factor analysis, multiple regression, and hypothesis testing.

A few limitations are worth flagging up front. The sample of 174 respondents and the restriction to five named providers limit how far the findings can be generalised. Convenience sampling and self-reported Likert data both carry some risk of response bias. And because the design is cross-sectional, it only captures customer perceptions at a single point in time rather than tracking how they might shift.

Analysis and Discussion

- **Demographic Profile of Respondents**

Young adults dominated the sample: 68.4% of respondents were between 21 and 30 years old, 16.7% were under 20, 13.2% fell between 31 and 40, and only 1.7% were over 40. Gender was fairly balanced — 52.2% male, 46.0% female, and 1.7% who preferred not to say. Education levels skewed high, with 47.7% undergraduates and 36.2% postgraduates. By occupation, 40.2% were employees, 29.9% students, and 28.7% in business. Most respondents (63.2%) used logistics services only occasionally, compared with 14.9% who used them frequently and 21.8% who used them rarely. Blue Dart came out as the most preferred provider at 29.3%, followed by Amazon Logistics (21.3%), Delhivery (19.0%), DTDC (17.8%), and India Post (12.6%).

Table 1: Summary of Demographic Profile of Respondents

Demographic Variable	Category	Frequency (n=174)	Percentage (%)
Age	21–30 years (majority)	119	68.4
Gender	Male	91	52.2
Education	Undergraduate	83	47.7
Occupation	Employee	70	40.2
Usage Frequency	Occasional	110	63.2
Preferred Provider	Blue Dart	51	29.3

- **Reliability Analysis**

Cronbach's Alpha was used to check the internal consistency of the measurement scales, and the results held up well. The Logistics Service Factors scale (11 items) came in at 0.865, Customer Satisfaction (7 items) at 0.808, and Customer Choice (7 items) at 0.790 — all comfortably above the usual 0.70 threshold, which confirms the questionnaire items were measuring their intended constructs reliably.

Table 2: Reliability Statistics

Construct	No. of Items	Cronbach's Alpha
Logistics Service Factors (SQ, DS, PC, TT, CR)	11	0.865
Customer Satisfaction	7	0.808
Customer Choice	7	0.790

- **Descriptive Statistics**

Mean scores for the independent-variable items ranged from 3.13 to 3.55 (SD 0.829–1.012). Technology and Tracking — specifically mobile app usability — and Delivery Speed, in terms of consistency, recorded the highest means, suggesting respondents care a fair amount about both. Customer Satisfaction item means ranged from 3.29 to 3.50 (SD 0.920–1.025), and Customer Choice item means ranged from 3.25 to 3.52 (SD 0.895–1.060). Both point to a generally favourable attitude among respondents toward the providers they actually use.

- **Correlation Analysis**

Pearson correlation was used to test the null hypothesis (H_0) that no significant relationship exists among Service Quality, Delivery Speed, Price Competitiveness, Technology & Tracking, Company Reputation, Customer Satisfaction, and Customer Choice, against the alternative (H_1) that a significant relationship does exist. Every variable in the study correlated positively and significantly with every other ($p < 0.01$), with coefficients ranging from 0.435 to 0.791. The strongest relationship by a clear margin was between Customer Satisfaction and Customer Choice ($r = 0.791$), which suggests satisfaction is the variable most closely tied to which provider a customer ultimately picks. On the strength of these results, H_0 was rejected in favour of H_1.

- **Factor Analysis**

Exploratory factor analysis confirmed the data was suitable for this kind of analysis — the Kaiser-Meyer-Olkin (KMO) measure came out at 0.879, and Bartlett's Test of Sphericity was statistically significant ($p = 0.000$). Two components were extracted, together accounting for 52.53% of total variance, with factor loadings across all items coming out satisfactorily. This supports the construct validity of the model going into the regression stage.

- **Multiple Regression Analysis and Hypothesis Testing**

Multiple regression was used to test how Service Quality, Delivery Speed, Price Competitiveness, Technology & Tracking, and Company Reputation, taken together, influence Customer Choice. The overall model was statistically significant ($F = 54.735$, $p < 0.001$) and explained 62.0% of the variance in Customer Choice ($R^2 = 0.620$). Four of the five hypothesised predictors held up, as shown in Table 3.

Table 3: Summary of Hypothesis Testing (Regression)

Hypothesis	Relationship	Sig. Value	Decision
H1	Service Quality → Customer Choice	0.000	Supported
H2	Delivery Speed → Customer Choice	0.006	Supported
H3	Price Competitiveness → Customer Choice	0.844	Not Supported
H4	Technology & Tracking → Customer Choice	0.000	Supported
H5	Company Reputation → Customer Choice	0.000	Supported

Service Quality, Delivery Speed, Technology & Tracking, and Company Reputation each had a significant positive effect on Customer Choice, while Price Competitiveness didn't reach statistical significance ($p = 0.844 > 0.05$). That's a notable result: in this sample of mostly young, well-educated, occasional users, price simply isn't what tips the decision. Reliability, speed, digital convenience, and brand trust carry far more weight. It's a pattern that echoes what Phan and Huynh (2023) and Tang et al. (2022) found as well — that operational and relational service quality can outweigh purely transactional factors like cost.

Findings and Suggestions

Findings

- **Most** respondents (68.4%) fall in the 21–30 age group and use logistics services occasionally rather than frequently.
- Blue Dart is the most preferred logistics service provider, ahead of Amazon Logistics and Delhivery.
- All measurement scales showed good reliability (Cronbach's Alpha between 0.790 and 0.865).
- Mean scores across every construct sat above the scale midpoint, pointing to generally favourable customer perceptions.
- Every study variable correlated positively and significantly with the others; Customer Satisfaction and Customer Choice had the strongest relationship ($r = 0.791$).
- Factor analysis supported the validity of the measurement model (KMO = 0.879; two factors explaining 52.53% of variance).
- The regression model explains 62.0% of the variance in Customer Choice; Service Quality, Delivery Speed, Technology & Tracking, and Company Reputation are significant predictors, while Price Competitiveness is not.

Suggestions

- Logistics companies should focus on improving service quality and reliability first, since these have the strongest measurable effect on customer choice.
- Delivery speed and consistency should stay an operational priority, given how significant a role they play.
- Continued investment in tracking systems and mobile or digital platforms makes sense, since technology and tracking clearly shape customer decisions.
- Reputation and brand-building efforts should continue, given how strongly company reputation affects choice.
- Price wasn't a statistically significant driver in this sample, but providers should still keep pricing fair and transparent so it doesn't become a source of dissatisfaction.
- Regularly collecting customer feedback and investing in employee training can help sustain service quality i**mprovements over the longer term.**

Conclusion

This study set out to understand what drives customer choice of logistics service providers in India, using Amazon Logistics, Delhivery, DTDC, Blue Dart, and India Post as reference points. Based on responses from 174 customers, the results show that Service Quality, Delivery Speed, Technology & Tracking, and Company Reputation all have a significant, positive effect on Customer Choice, together accounting for 62.0% of its variance, while Price Competitiveness does not have a statistically significant effect. Customer Satisfaction is strongly correlated with Customer Choice, which reinforces its role as the key link between how well a service performs and which provider a customer ultimately picks. These findings largely track with the international logistics service quality literature, while adding India-specific evidence that in a market dominated by digital-first, younger consumers, operational reliability and technological convenience matter more than price on its own. For logistics providers hoping to strengthen customer choice and retention, the practical takeaway is to focus strategic effort on service consistency, delivery speed, tracking technology, and brand reputation.

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