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A STUDY ON CONSUMER EXPECTATIONS AND SERVICE QUALITY IN ONLINE RETAIL LOGISTICS

Dr.Ranjith Somasundaran Chakkambath^{*1} Srikanth Raju² Eby Alexander³

¹Asst. Professor, AMITY Global Business School Kochi, Ernakulam, Kerala.

²MBA Student, AMITY Global Business School Kochi, Ernakulam, Kerala.

³BBA Student, AMITY Global Business School Kochi, Ernakulam, Kerala.

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***Corresponding Author: Dr. Ranjith Somasundaran Chakkambath**

Asst. Professor, AMITY Global Business School Kochi, Ernakulam, Kerala.

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ABSTRACT:

This study examines consumer expectations and perceived service quality in online retail logistics, an important component of the e-commerce experience. With the increasing demand for fast delivery, transparency, flexibility and hassle-free returns, it has become essential for online retailers to understand consumer preferences. Using a descriptive research design and data collected from 100 respondents across Kerala, the study evaluates key logistics dimensions such as delivery speed, tracking accuracy, packaging quality, communication effectiveness and return/refund processes. Statistical analysis – including chi-square, correlation, and exploratory factor analysis – shows that customer expectations strongly influence perceived service quality ($r = .842$), and gender significantly influences service quality perceptions. Factor analysis identifies two key dimensions shaping expectations: core logistics performance and costs and post-purchase assurance, together explaining 90% of the variation. The findings indicate a significant gap between expectations and actual logistics performance, particularly in tracking transparency, communication of delays and return processes. The study highlights the need for e-commerce platforms to strengthen operational reliability, adopt technology-driven tracking systems, enhance communication and streamline post-purchase support to improve satisfaction, trust and long-term loyalty.

KEYWORDS: *Online Retail Logistics, Consumer Expectations, Service Quality, E-Commerce, Delivery Performance, Tracking Transparency, Returns Management, Customer Satisfaction, Exploratory Factor Analysis, Logistics Service Quality (LSQ).*

INTRODUCTION

Online retail logistics involves a wide range of activities including order processing, inventory management, warehousing, packaging, transportation, and last-mile delivery. Each of these components contributes to the overall service quality as perceived by consumers. However, the challenges of maintaining efficiency, accuracy and timeliness in these processes are immense, especially with the increasing demand for same-day or next-day delivery. As consumers increasingly expect transparency, flexibility and convenience in their online shopping experiences, retailers are forced to adopt innovative logistics strategies, including automation, real-time tracking systems and data-driven decision making.

Service quality in online retail logistics is usually evaluated through dimensions such as reliability, responsiveness, assurance, empathy and tangibility. Delays, damaged goods, poor communication and lack of tracking transparency can significantly reduce consumer trust and satisfaction. In contrast, consistent and responsive service builds confidence and encourages repeat purchases. Understanding these expectations and assumptions is essential for e-commerce companies aiming to strengthen their logistics infrastructure and enhance overall service performance.

This study is to analyze consumers' expectations and perceptions regarding service quality in online retail logistics. By identifying the key factors influencing satisfaction and trust, the research seeks to provide insights that can help online retailers enhance their logistics performance and more closely align their services with consumer needs.

A. Objective of the Study

- To identify the key factors influencing consumer expectations in online retail logistics.
- To examine the relationship between customer demographics, expectations, and their perceived service quality.

B. Scope of the Study

The study focuses on understanding the various factors that shape consumers' expectations and influence perceptions of service quality in the context of online retail logistics. The research examines key logistics components such as order processing, delivery speed,

accuracy, packaging quality, communication, tracking transparency and returns management. The objective is to evaluate how these elements contribute to overall customer satisfaction and trust in online retail platforms.

II. LITERATURE REVIEW

The expansion of e-commerce has increased customer expectations for reliability, convenience, and transparency throughout the order fulfilment process. Lin et al. (2023) demonstrated that multiple LSQ dimensions—including operational, resource, information, personal contact, and customization quality—directly affect customer satisfaction, which in turn influences customers' intention to reuse logistics services.

The importance of logistics quality is further reinforced in studies on consumer electronics, premium grocery delivery, and global online retailing, which consistently show that service responsiveness, product accuracy, reliability, and packaging significantly impact consumer perceptions and loyalty (Rae-Smith & Ellinger, 2022). Aljohani (2024) reported that online shoppers strongly prefer timely delivery, typically within a day, and show dissatisfaction when deliveries arrive either earlier or later than expected. Moreover, the study notes a growing preference for digital payment methods over cash-on-delivery, indicating customers' expectations for seamless, technology-integrated delivery services.

Rae-Smith and Ellinger (2022) highlight managerial insights from implementing online logistics systems within cold storage operations. Rashid and Rasheed (2024) observed that product quality and information quality significantly influence product satisfaction in the e-commerce environment, while variables such as delivery time, product availability, and shipping cost show insignificant effects.

Recent review work on last-mile optimization maps AI-driven routing, IoT-supported monitoring, hybrid fleets (UAVs/robots/vehicles), and sustainability strategies, arguing they jointly affect speed, reliability, and cost-to-serve—the most visible drivers of consumer satisfaction (Shuaibu et al., 2025). Wang et al.'s connects product reviews/ratings to return behaviour, clarifying how information quality reduces expectation-reality gaps and thus returns, linking directly to the communication dimension in LSQ (Wang et al., 2024). A 2024 India-focused empirical synthesis on marketing logistics and e-shopper behaviour reports that tracking and delivery speed significantly affect satisfaction and loyalty—consistent with global reviews and relevant to your Kerala sample (Tripathi et al., 2024).

III. RESEARCH METHODOLOGY

Research Design: A descriptive research design was used in this study with the help of a structured questionnaire. Convenience sampling is used to select the respondents from across the State of Kerala, India.

Population of the Study: The target group consists of people from different regions across Kerala. The data was collected from 100 respondents through a structured questionnaire.

Data Collection: The study used both primary and secondary data. Data was collected through an adopted questionnaire. Data collection was done through Google Forms. The questions include LIKERT scale questions. The first part of the questionnaire collects demographic details and general information about the respondents' online shopping habits. The second part includes statements related to consumer expectations in online retail logistics, focusing on key factors such as delivery speed, tracking, packaging and returns processes. The third part assesses consumers' perceived service quality by measuring their satisfaction level with logistics performance based on recent online shopping experiences.

Statistical Tools and Techniques Used for Analysis: The statistical test done includes proportionate analysis using Excel, Chi-Square Test, Correlation and Exploratory Factor Analysis using IBM SPSS v23.

IV. RESULTS AND DISCUSSION

The data was collected through a questionnaire from respondents.

4.1 Demographic characteristics and general survey on Online Retailing among consumers.

Table 1: Demographic characteristics

Age Group	n	%
Below 18	4	4%
18-25	45	45%
26-35	12	12%
36-45	16	16%
Above 45	23	23%
Gender		
Male	58	58%
Female	42	42%
Occupation		
Student	42	42%
Employee	18	18%
Professional	18	18%
Entrepreneur	15	15%
Other	7	7%

Note: Sample size=100

Data for this study were collected via a questionnaire distributed to a sample of 100 consumers. The demographic characteristics of the respondents are summarised in Table 1. The sample was predominantly young, with the largest proportion being between 18 and 25 years old (45%), followed by respondents above 45 years old (23%). In terms of gender distribution, male respondents constituted a majority of the sample (58%), with female respondents making up the remaining 42%. Regarding occupation, students formed the largest group (42%), followed equally by employees and professionals (18% each), and entrepreneurs (15%).

This demographic profile indicates that the data primarily reflects the perceptions and behaviours of younger adults and students, with representation across other key age and occupational groups.

4.1.1 Frequency of Online Shopping

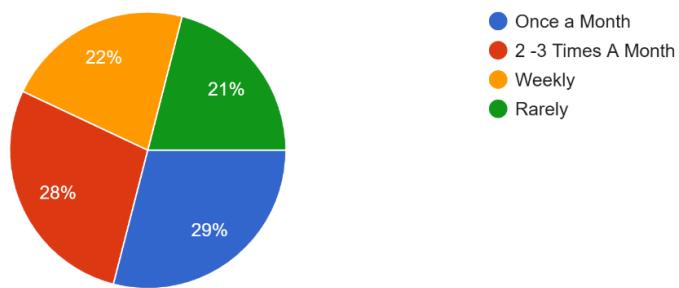


Fig 1: Frequency of Online Shopping.

Based on the pie chart shows that 29% of respondents have said Once a Month, 28% of respondents have said 2-3 Times a Month, 22% of respondents have said Weekly, and 21% of respondents have said Rarely.

4.1.2 Platform Used

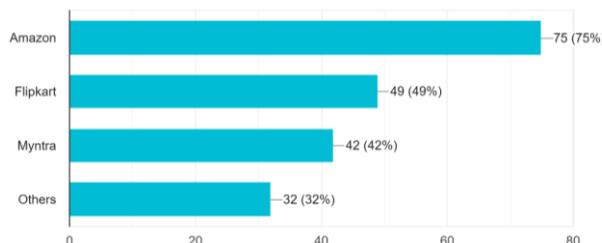


Fig 2: Platforms Used.

Based on the horizontal bar chart shows that 75% of respondents use Amazon, 49% of respondents use Flipkart, 42% of respondents use Myntra, and 32% of respondents use Others.

4.1.3 Important each factor is when you order online

Please rate how important each factor is when you order online

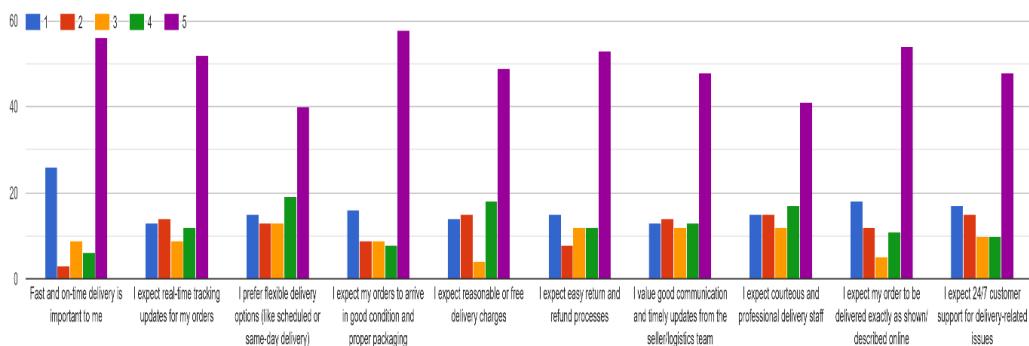


Fig 3: Important each factor is when you order online.

The most critical factors for respondents were fast and on-time delivery and receiving orders in good condition, with majorities rating these as "Very Important" (56% and 58%, respectively). Furthermore, core logistics features such as real-time tracking (52%), an easy return and refund process (53%), and receiving the exact product as described online (54%) were also deemed "Very Important" by over half of the participants. Cost sensitivity was a significant theme, as 49% of respondents cited reasonable or free delivery charges as "Very Important."

Secondary, yet still substantial, expectations included valuing good communication from the seller or logistics team (48% "Very Important") and 24/7 customer support (48% "Very Important"). Attributes such as flexible delivery options (40% "Very Important") and courteous, professional delivery staff (41% "Very Important") were still important to a large plurality, though they registered a slightly lower priority compared to core reliability and cost factors.

4.1.4 How well your recent online order met these expectations

An analysis of performance metrics for recent online orders reveals a mixed but generally positive picture. Overall satisfaction and loyalty drivers are strong, with a majority of respondents reporting they are satisfied with the overall delivery experience (54% combined Agree/Strongly Agree) and are likely to continue shopping from platforms with high-quality logistics services (60% combined Agree/Strongly Agree). This loyalty is closely linked to trust, as over half of the respondents (53%) agreed that the logistics service increases their trust in the online platform.

Performance was highest in areas of human interaction and basic fulfilment. The professionalism of delivery staff was a notable strength, with more than half of the respondents (54%) agreeing they are polite and professional. Furthermore, a slim majority (52%) felt that their orders are usually delivered on time, and nearly half found delivery charges to be reasonable and justified (50% Agree/Strongly Agree).

Critical functionalities like order tracking, communication about issues, and the returns process received the lowest agreement scores. Only 43% agreed they receive accurate and timely tracking information, 38% agreed that communication about delays is prompt and transparent, and a mere 40% agreed that the return and refund process is smooth and hassle-free. A similar proportion (45%) agreed that products arrive in good condition and are well-packaged, suggesting packaging and product handling is another key area for improvement.

4.2 Cross Tab and Chi-Square Test (Gender Vs Level of Service Quality) Summary: Hypotheses

Null Hypothesis (H₀):

There is no significant relationship between gender and the level of service quality. The two variables are independent.

Alternative Hypothesis (H₁):

There is a significant relationship between gender and the level of service quality. The two variables are not independent.

Table 3: Chi-Square Summary

Gender	Level of Service Quality				p	df	χ^2	Significant/Not Significant
	Low	Medium	High	Total				
Female	16	14	13	43				
Male	13	18	30	61				
Total	29	33	38	100	.0000	2	142.17	Significant

Note: p<.05. Sample size=100.

A chi-square test of independence was performed to examine the relationship between gender and the perceived level of service quality. The cross-tabulation revealed a distribution where male respondents reported a higher incidence of high service quality (n=30, 49.2% of males) compared to female respondents (n=13, 30.2% of females). Conversely, female respondents reported a higher incidence of low service quality (n=16, 37.2% of females) compared to their male counterparts (n=13, 21.3% of males).

The relationship between these variables was statistically significant, $\chi^2(2, N = 100) = 142.17$, $p < .001$. Therefore, the null hypothesis of independence is rejected. This result indicates a significant association between gender and the level of service quality experienced, suggesting that perceptions of service quality are not independent of gender.

4.3 Correlations

Table 4: Correlation between Customer Expectation and Service Quality.

Item	n	Customer Expectation	Service Quality
Customer Expectation	100	1	0.842**
Service Quality	100	0.842**	1

Note: n represents the number of valid cases. ** indicate p<.05.

A correlation analysis was conducted to examine the relationship between customer expectations and perceived service quality. The results indicate a very strong, positive, and statistically significant correlation between the two variables ($r(98) = .842$, $p < .05$). This finding demonstrates that as customer expectations increase, the level of perceived service quality also tends to increase in a strong and predictable manner. The high correlation coefficient suggests that customer expectations are a key factor closely linked to their subsequent evaluation of the service quality received.

4.4 Exploratory Factor Analysis (EFA): Factors that influence Customer Logistics Expectations

A Principal Component Analysis (PCA) with a Varimax rotation was conducted on ten items measuring customer logistics expectations. The suitability of the data for factor analysis was confirmed. The Kaiser-Meyer-Olkin measure verified excellent sampling adequacy, KMO = .95, and Bartlett's test of sphericity was significant, $\chi^2(45) = 1626.97$, $p < .05$.

The analysis extracted two components with eigenvalues greater than 1, which together accounted for 90% of the total variance. As presented in Table 5, the rotated component matrix revealed a clear two-factor structure.

Table 5: Pattern Component Matrix, Eigen Values and Total Variance Percentage for Components obtained by Principal Component Analysis with Varimax Rotation Method

Variables	Component	
	1	2
Fast and on-time delivery is important to me	0.845	
I expect my order to be delivered exactly as shown/described online.	0.801	
I prefer flexible delivery options (like scheduled or same-day delivery)	0.792	
I expect 24/7 customer support for delivery-related issues.	0.758	
I expect real-time tracking updates for my orders.	0.716	
I expect courteous and professional delivery staff.	0.701	
I expect reasonable or free delivery charges.		0.856
I expect easy return and refund processes.		0.81
I value good communication and timely updates from the seller/logistics team.		0.734
[I expect my orders to arrive in good condition and proper packaging.		0.696
Eigen values	7.8	1.2
Percentage of total variance	78	12

Note: Factor loadings <.035 have been omitted from the table.

Component 1, labelled "Core Logistics Performance," accounted for 78% of the variance and was defined by six items with strong loadings (>.70). These items pertain to the fundamental operational aspects of the delivery service, including timeliness, accuracy, flexibility, support, tracking, and staff professionalism.

Component 2, labelled "Cost and Post-Purchase Assurance," accounted for 12% of the variance and was defined by four items. This component encompasses financial considerations (delivery charges) and critical post-purchase elements such as the returns process, communication, and the physical condition of the delivered goods.

DISCUSSION

The distribution of online shopping frequency among respondents reveals that most individuals engage in occasional online shopping rather than frequent purchases. While a significant portion shops once a month or two to three times a month, fewer respondents shop weekly, and some rarely make online purchases. This trend reflects broader consumer behavior in e-commerce, where the frequency of online shopping depends on factors such as convenience, product categories, and logistics performance (Lin et al., 2023; Aljohani, 2024). The study also highlights a strong preference for leading e-commerce platforms, with Amazon, Flipkart, and Myntra being the most commonly used. Research indicates that the popularity of these platforms is often attributed to their reliable logistics performance, delivery consistency, and the trust they build with customers (Rashid & Rasheed, 2024; Lin et al., 2023).

Respondents identified fast and on-time delivery and receiving orders in good condition as the most critical logistics factors, consistent with findings by Aljohani (2024), who emphasized the importance of timeliness and product integrity in driving online shopping satisfaction. Furthermore, features such as real-time tracking, easy return/refund processes, and receiving the exact product as described were considered highly important, aligning with McKinsey's 2025 survey, which highlighted growing consumer demand for reliability, transparency, and convenience in the delivery process (Gosling et al., 2025). Additionally, reasonable or free delivery charges were rated as essential, supporting trends of increased cost sensitivity among consumers (Gosling et al., 2025; Rashid & Rasheed, 2024).

The study found that many respondents were satisfied with the logistics services provided and expressed continued loyalty to platforms offering high-quality logistics, echoing earlier studies that link logistics service quality to customer loyalty and trust (Lin et al., 2023; Le Minh et al., 2024). However, performance gaps were observed in areas like tracking accuracy, communication about delays, and return/refund processes, aligning with global consumer complaints highlighted by McKinsey (2025) about post-delivery communication and returns being major pain points in e-commerce logistics (Gosling et al., 2025). These findings are consistent with established logistics literature, which shows that higher expectations lead to

more positive evaluations when those expectations are met (Rashid & Rasheed, 2024; Lin et al., 2023).

The PCA revealed two components—Core Logistics Performance and Cost & Post Purchase Assurance—that explained most of the variance, aligning with contemporary frameworks emphasizing the importance of timeliness, accuracy, tracking, communication, and return processes in logistics service expectations (Aljohani, 2024; Le Minh et al., 2024). The identification of cost and post-purchase assurance as a distinct factor reflects the rising consumer sensitivity to delivery fees and return policies in recent years (Gosling et al., 2025).

CONCLUSION

This study finds customer expectations for online logistics are high, focusing on core performance, cost, and post-purchase assurance. While a strong correlation exists between these expectations and perceived service quality, a performance gap remains in key areas like transparent communication and hassle-free returns. The professionalism of delivery staff significantly impacts satisfaction, yet actual experiences often fall short of expectations. Findings also suggest service quality perceptions can vary by gender, indicating a need for tailored approaches. To build trust and loyalty, e-commerce platforms must enhance operational reliability and post-purchase support. Ultimately, adopting customer-centric, technology-driven logistics strategies is essential for competitiveness in the expanding digital marketplace.

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