SERVICE INNOVATION IN POSTAL SERVICES INFLUENCES SERVICE LOYALTY

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Abstract - The post offices all around the world are service oriented organisations and have number of social responsibilities towards public services. Service innovation in post offices is the long expected due from the public since postal services should be strikingly different from the operations of the financial institutions. In addition to social motives, post offices also targets on commercial values, since in some of the countries post offices are privatized. The present study investigates the service innovation offered by the post offices for its long term sustainability. The literature on the service innovation in the post office context is relatively new. The study explores the predictors of service innovation which influences service loyalty through brand equity. The VB-SEM use Smart-PLS 3.2.7 was applied to test the cause and effect relationships. A massive primary survey involving post office users of 218 urban and rural post offices in Malaysia has been conducted. The findings reveal that service innovation has a direct positive influence on brand equity. Interestingly, brand equity influences service loyalty. The path relationship also shows a highly significant indirect effect of the mediating variables on the relationship between service innovation and service loyalty. Further, the management and the practical applications of the deep-seated service innovation in post offices have been discussed.

Keywords - Service Innovation, brand equity, Service Loyalty, Post Office