

## DIFFERENCES BETWEEN THE CUSTOMER AND SUPPLIER PERCEPTION OF THE USEFULNESS OF THE RANGE AND QUALITY OF LOGISTICS SERVICES ON THE B2B MARKET

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### Abstract

Nowadays turbulent market environment and high competition requires customization of the offered range of products to the preferences of individual customers and introduction of more perfect customer services and their provision in accordance with the customers' needs and wishes. It is essential to integrate and involve the customers in creation of the system of customer service and care even deeper and, within cooperation of the manufacturers and distribution intermediaries, to make the customers always satisfied completely, quickly, in time, and to a high standard. The level of this mutual interconnection is mainly given by the fact how much manufacturers and any other logistics chain entities know their customers, their needs, requirements, and preferences, how much both parties of the business relationship concur in their perception of the importance of individual aspects of the offer and services, and how much they actually fulfil the wishes and expectations of their customers. This paper presents a part of the outcomes of a primary quantitative research performed in 2014 and 2015 among manufacturers of selected chemical products and their elaborators. The research aimed to map the concords and variances between the customer and supplier perception of the usefulness of different logistics services and the attributes of their quality on the market. It showed that manufacturers of the researched chemical products still have shortcomings in the knowledge of their customers' requirements and preferences in the area of logistics services and their provision.

**Keywords:** Logistics services, differences in the perception of the usefulness of services between customers and suppliers, B2B market, chemical products.

### 1. INTRODUCTION

Strengthening customer relations and increasing their loyalty require staying in continuous contact with customers, identifying their needs, requirements, preferences, and sharing this knowledge with all the entities of the internal and external value networks. The ability to find effective solutions to the customers' problems is, in the current conditions, one of the most fundamental capabilities for any supplier [1] - a supplier has to be able to deliver the best customer value at the lowest possible cost [2]. It is reason to transfer some of their activities to external suppliers [3].

However, the best customer value can only be created if what the customers require and how they perceive individual attributes of the offer from the point of view of their importance for satisfying their needs and requirements is in absolute harmony with the fact how they are perceived by the manufacturers, or distribution intermediaries. Any ignorance of the fact what the customer requires and how much individual product and service attributes are important for them may result in a loss of customers.

This concerns all the aspects of the supply and customer care, yet on the markets with highly commoditized products the value is nowadays mainly influenced by intangible components of the supply, such as comprehensive and quality services, as they significantly differentiate the supply and make it possible to strengthen closed buyer-supplier relationships [4], [5].

## **2. DIFFERENCES BETWEEN THE CUSTOMER AND SUPPLIER PERCEPTION OF THE USEFULNESS OF THE RANGE AND QUALITY OF LOGISTICS SERVICES ON THE B2B MARKET**

### **2.1. Theoretical background**

Services represent activities connected with any contact between the customer and the supplier from common answering a phone call, over problem-free transport of ordered products, to after-guarantee service including exchange of non-functional parts of the supplied facilities or application service in semi-finished products. It is possible to say that service represents a process that results in creation of an added value, which increases the value of the product that is the means of the exchange. The mentioned value is divided both among the suppliers and among the customers in the way that when the transaction is completed, both parties are better off than before the start of the transaction [6]. Nowadays, the role of services is changing, and firms have moved from providing services which support their products to providing services which support the clients [7].

It is provision of such a set of services which solves the customers' problems comprehensively and more effectively. It is important for the B2B marketer to be aware of some of the operational considerations that can affect these groups of services: Product-related services (delivery services, installation and maintenance or application services, after-sales training, warranty services), marketing services (market research services, advertising agencies, export advice), professional services (consulting services, accountancy services, legal advice), information services (inventory management, supply chain management, data aggregation) and financial services (financing for product purchases, managing billing processes, credit evaluation, banking & insurance) [8].

When proposing a set of services the customers will be provided with, it is necessary to express the service in terms of customer problems that the supplier must address, i.e. what the service will do. Defining this, in turn, guides investment decisions by the supplying firm over the resources and activities necessary to deliver the service. Being able to combine creatively services with products where appropriate to maximize the value available to organizational customers is an important part of marketer's role. It is necessary to determine, how the service will solve the customer's problem, i.e. how the service will be delivered, too. In B2B markets, this often involves agreeing specific measurable performance criteria with clients, such as a logistics firm agreeing to meet strict time targets for the transportation of goods between factories and local depots. This offers a degree of tangibility regarding the service, making it more possible to ensure outcomes. For relationships between service providers and customers to be successful, it is important to manage customer expectations. If the customer is not educated up front about the reasonable limitations of the offering, there is a danger they will perceive the service supplier as breaking its promises.

What is the engine in creation of a comprehensive and quality system of customer services is interactions between customer and supplier and creating the convenient atmosphere of the service delivery. Physical resources and environment management of service delivery must provide the appropriate technological base for operations and support interactions with customer [9].

Providing quality customer services requires not only the physical appearance of staff, equipment, facilities and communication materials, but also reliability (the ability of the provider to perform the promised service dependably and accurately), responsiveness (the willingness to help customers and provide prompt service, particularly in response to unforeseen or service breakdowns), assurance (the ability of service staff to convey trust and confidence via their knowledge and courtesy) and empathy (providing individualized, caring attention to customers) [10].

These basic aspects of the service quality have to be developed in accordance with the fact how much they are beneficial for the clients. Deeper knowledge of the customers' problems and finding ways how to solve them thanks to a customized customer services system requires developing a relationship coordination system, with a manager who collates feedback from the customer (perhaps via front-line staff) and interprets

it for the organization. The coordinator's role is to link different experts to their customer contacts, combining different types of expertise in order to create the best possible value-added offering for the client [11]. This is the only way how to achieve deep understanding of the customers, knowledge of their requirements and preferences by all the supplier's workers who are involved in creation of product offering, ensuring product manufacturing, their delivery, and end customer services.

## 2.2. Practical research

### Research aim and methodology

The main goal of the research was, besides other things, to compare how the usefulness of individual types of services and their quality parameters for strengthening mutual relations are perceived from the point of view of the customers and from the point of view of their suppliers. The survey was conducted among the managers of companies supplying selected chemical products (industrial explosives, dyes and pigments, inorganic acids, and salts) using the method of personal interviewing in 2014. These product categories were chosen intentionally, as they differ in the demands of their processing and use by the customers, and so also in the demands placed on the scope of the provided services. Within the supplying companies, the survey involved directors of selected Strategic Business Units (SBU), strategic development, research and development, marketing, sales, customer services, production, quality, and purchase managers. The research in twenty-eight companies purchasing these products in the Czech Republic was performed in 2015 again using the method of personal interviewing. These customers were picked in cooperation with the sales staff of the supplying companies. The addressed were, in each purchasing company, managers with the same functions as those in the supplying companies. The respondents evaluated individual attributes using a 7-point scale from 1 - completely non-beneficial to 7 - completely beneficial. Both quantitative surveys were conducted using the method of personal interviewing on the basis of a drawn-up questionnaire. The data was analyzed using the methods of descriptive statistics (multiple response analysis) and inferential statistics (statistical hypothesis testing) in the statistical software of IBM SPSS Statistics.

### Research results

The median of the perceived usefulness of individual services in all the analyzed services was identified in the upper half of the rating scale, and so they can all be considered as very useful. (see **Table 1**). Their usefulness is, with the exception of the service of "Mapping conditions and technologies of utilization or consumption of the supplied product at the product purchaser's premises" (the customers perceive this service as very beneficial, while the suppliers only as rather beneficial), perceived by the customers and the suppliers identically, which was confirmed on 95% reliability level both by the exact Pearson's chi-square test of the concordance of empirical distributions, and by the exact median test of median concordance. The research aimed to identify whether the differences in the perception of the beneficial effect of individual types of services in different product categories for strengthening mutual relations (see **Table 2**). The research outcomes showed that both the buyers and the suppliers perceive the beneficial effect of provision of most services comparably, with the exception of the supplier's help with ensuring export licences and customs clearance for the customer's products, mapping conditions and technologies of utilization or consumption of the supplied product at the product purchaser's premises, or help directly at the customer's premises with consumption or utilization of the supplied product in the form of drawing up technological procedures of its use (marked grey in **Table 2**), where they are not required from the supplier by the purchasers of industrial explosives given the specifics of their application and the need for knowledge of the geological conditions of the blasted rocks, so the customers ensure these activities by themselves.

**Table 1** Differences in perception of usefulness of types of services between buyers and suppliers of chemical products, regardless of the chemical product category

Individual types of services	Usefulness from the point of view of customers	Usefulness from the point of view of suppliers	Rate of concordance in perception of the usefulness	
			Exact Pearson's chi-square test	Exact median test
	Median	Median	Asymp. sig.	Asymp. sig.
Ensuring product utilization comprehensively (consultancy, transport and ensuring proper usage of the product)	6	6	0.916	0.739
Completion of product deliveries in one complete consignment according to the customer's requirements	6	6	0.675	0.914
Ensuring and arrangement of safe product transport to the customer in compliance with the regulations	6	6	0.846	0.713
Supplier's help with ensuring export licences for the customer's products	5	6	0.299	0.156
Supplier's help with ensuring customs clearance for the customer's products	5	6	0.185	0.064
Testing current products for different ways of their utilization by the customer	5	6	0.811	0.818
Professional consultancy when solving technological problems arisen within product utilization by the customer	6	6	0.587	0.892
Mapping conditions and technologies of utilization or consumption of the delivered product at the customers' premises	5	6	0.045	0.004
Help directly at the customer's premises with consumption of utilization of the product in the form of drawing up technological procedures of its use	5	5	0.989	0.825
Performance of some technological operations connected with utilization of the product instead of the customer	5	5	0.968	0.374

Note: Scale from 1 - completely non-beneficial to 7 - extraordinarily beneficial

**Table 2** Differences in perception of the usefulness of type of services between buyers and suppliers in individual chemical product categories

Individual types of services	Usefulness in industrial explosives		Usefulness in dyes and pigments		Usefulness in inorganic acids and salts	
	for C	for S	for C	for S	for C	for S
	Median	Median	Median	Median	Median	Median
Ensuring product utilization comprehensively (consultancy, transport and ensuring proper usage of the product)	5	6	6	5	6	6
Completion of product deliveries in one complete consignment according to the customer's requirements	7*	5*	5	5	6	7

Individual types of services	Usefulness in industrial explosives		Usefulness in dyes and pigments		Usefulness in inorganic acids and salts	
	for C	for S	for C	for S	for C	for S
	Median	Median	Median	Median	Median	Median
Ensuring and arrangement of safe product transport to the customer in compliance with the regulations	6	6	6	6	6	6
Supplier's help with ensuring export licences for the customer's products	3	5	5	4	5	6
Supplier's help with ensuring customs clearance for the customer's products	3	6	5	4	5	6
Testing current products for different ways of their utilization by the customer	5*	6*	6	6	5	6
Professional consultancy when solving technological problems arisen within product utilization by the customer	5*	6*	6	6	6	6
Mapping conditions and technologies of utilization or consumption of the delivered product at the customers' premises	4*	6*	5	5	5	6
Help directly at the customer's premises with consumption of utilization of the supplied product in the form of drawing up technological procedures of its use	4	5	5	5	5	6
Performance of some technological operations connected with utilization of the product instead of the customer	5	4	5	5	5	6

Notes: S - supplier; C - customer

Scale from 1 - completely non-beneficial to 7 - extraordinarily beneficial

\* Statistically significant differences in perception of the usefulness between customers and suppliers confirmed with 95% reliability on the basis of the exact Pearson's chi-square test.

The median of the perceived usefulness of the service quality characteristics for strengthening relations between customers and suppliers was identified in the upper half of the rating scale, and so they can all be considered as beneficial. They were rated as rather, very, and extraordinarily beneficial (see **Table 3**).

**Table 3** Outcomes of the test of concordance in perception of the usefulness of service quality characteristics between buyers and suppliers of chemical products

Service quality characteristics	Usefulness from the point of view of customers	Usefulness from the point of view of suppliers	Rate of concordance in perception of the usefulness	
			Exact Pearson's chi-square test	Exact Median test
	Median	Median	Asymp. sig.	Asymp. sig.
Professionalism of the supplier's staff within customer service	5	7	0.005	0.026
Responsiveness of the supplier's staff within customer service	6	7	0.233	0.131
Supplier's adaptability to the customers' requirements	5	6	0.910	0.637

Service quality characteristics	Usefulness from the point of view of customers	Usefulness from the point of view of suppliers	Rate of concordance in perception of the usefulness	
			Exact Pearson's chi-square test	Exact Median test
	Median	Median	Asymp. sig.	Asymp. sig.
Comprehensiveness of the solution to the customers' needs	5	6	0.269	0.153
Supplier's trustworthiness for the customers	6	6	0.437	0.294
Supplier's flexibility if the customers' requirements change	6	6	0.125	1.000
Provision of services by the supplier 100% in compliance with the customers' wishes	6	7	0.234	0.000
Speed of the supplier's response to the customers' requirements	7	6	0.795	1.000
Speed of settlement of a business case	6	6	0.734	1.000
100% compliance with agreed delivery times	7	6	0.811	0.000
Long-term reliability of the supplier in fulfilment of the customer's requirements	6	7	0.797	0.637
Quick response of the supplier to the customers' complaints and warranty claims	6	6	0.754	1.000

Note: Scale from 1 - completely non-beneficial to 7 - extraordinarily beneficial

The usefulness of the service quality attributes is perceived both by the customers and by the suppliers, regardless of the chemical product category, identically, which was confirmed both by the exact Pearson's chi-square test of concordance of empirical distributions, and by the exact median test of median concordance. An exception is represented by the perception of the usefulness of the characteristic of "Professionalism of the supplier's staff within customer service", where the customers consider it as rather beneficial, while the suppliers overrate its role in strengthening customer relations. The perception of the usefulness of individual service quality attributes did not statistically significantly differ by chemical products.

### 3. CONCLUSION

Provision of a wide range of pre-sales, sales, and post-sales logistics services of high quality plays, within customer service in different chemical industry product categories, a key role, which is comparably perceived both by the buyers and by the suppliers of these products. The survey showed the suppliers' deep knowledge of their customers' preferences in all the researched product categories, with the exception of the service of "Mapping conditions and technologies of utilization or consumption of the delivered product at the customers' premises" (the buyers perceive this service as very beneficial, while the suppliers just as rather beneficial). Apparently it is just this aspect of identifying customer needs and requirements what has to enjoy an increased attention. On the other hand, the research discovered that the buyers do not put as much emphasis on the professionalism of the supplier's staff providing the customer service as the suppliers, and also that the usefulness of individual services is perceived, in different product categories and particularly by the buyers, differently. This concerns the supplier's help with ensuring export licences and customs clearance for the buyer's products, mapping conditions and technologies of utilization or consumption of the delivered product at the product buyer's premises, and help directly at the customer's premises with consumption and utilization of the delivered product in the form of drawing up technological procedures of its use, where the buyers of

industrial explosives do not, in view of the specifics of their application and the need for knowledge of geological conditions of the blasted rocks, require them from the supplier, so the buyers ensure these activities by themselves. Provision of these services by the supplier in other categories of chemical products is considered as very beneficial. The research outcomes are the basis for chemical products suppliers for their successful achievement of a higher perceived customer value.

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