

## KEY CHANGES IMPROVING THE QUALITY OF CUSTOMER SERVICE OF A LOGISTICS OPERATOR ON A REGIONAL LSP MARKET

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### Abstract

The quality level of an end customer service determines indirectly the competitiveness level of a company. Therefore, it is necessary to adjust permanently distribution processes to the requirements of an end customer. The authors conducted the diagnosis of factors determining the level of customer service concerning logistics operators on the Silesian LSP market. The SWOT analysis, the analysis of critical success factors and surveys have been used to diagnose these factors. As a result, the authors pointed out necessary changes to improve customer service of selected logistics operators. Additionally, recommendations for analysed logistics operators in the range of timeliness and reliability of a delivery for an end customer were given.

**Keywords:** Customer service, effectiveness of logistic processes, logistics operator

### 1. INTRODUCTION

The LSP (Logistics Service Provider) market is one of the fastest growing sectors both on domestic and international markets. The logistics and transport business is a sector, which over the years, has undergone fundamental changes and where individual players have faced new challenges of strategic as well as structural nature [1]. The development focuses primarily on the size and diversity of cargo, as well as the range of service offered. Logistics service providers are particularly important link in a supply chain which play the role of a chain integrator, creating the added value for customers [2]. Logistics service providers are facing major challenges to remain competitive with increasing globalisation, the advent of the networked economy, greater customisation of products and services, more frequent mergers and acquisitions, the development of E-commerce and tightening environmental controls [3]. Partly, as a result of the huge growth of logistics outsourcing over the past two decades, LSP operators have become indispensable in helping companies manage their transport and warehousing activities. LSP operators can help a company secure a competitive edge through cost savings, customer service improvements and greater focusing on the core business [4, 5, 6, 7, 8, 9, 10, 11]. Simultaneously with the economic development of Poland, the dynamic development of LSP branch in the Silesian Province can be observed as a result of the industrialisation nature of the region and its advanced transport infrastructure.

The present state of the LSP market means that customers are not able to fully distinguish the offer of logistics operators. Therefore, there is the growing importance of the need to differentiate competition by the level of a customer service. This service is treated as an added value for offered services. Modern LSP enterprises should be more adaptive, flexible, technically and technologically innovative. To ensure the proper level of customer service is becoming one of the most important objectives in the strategy of these companies. From the client's perspective, the contract duration is of the main importance in providing services [12]. Customer service includes a number of actions aiming at appropriate standards of contract's implementation and after-sales service. Logistics customer service is a very broad term. This service covers all aspects of a contact with a customer. In literature the term is often referred to as the willingness and ability to satisfy customer's needs, taking into account reliability, time, convenience and communication with a logistics operator. These elements define the level of the quality of customer service [13].

The main objective of the study, conducted in two leading companies of a LSP sector, was to analyse factors determining the level of customer service in Silesian Province. The preparatory diagnosis of a LSP branch, in the area of the offer of logistics operators and of customer needs, has enabled to determine key success factors concerning customer service, and additionally, to verify the discrepancy between customer expectations and the level of service offered by surveyed companies. The study included a SWOT analysis, a critical success factors analysis and a questionnaire survey among customers of logistics operators. The results indicated recommendations of key actions to undertake to improve the level of customer service of analysed LSP companies.

## 2. DETERMINANTS OF A CUSTOMER SERVICE LEVEL OF LOGISTIC FIRMS

End customer's satisfaction with the contract performance is crucial for companies in the LSP sector. The quality level of customer service and thus customer's satisfaction is determined by the following factors:

- delivery time,
- delivery reliability,
- convenience in customer service.

Delivery time is defined as a period from the moment of an order to the moment of delivery acceptance by a customer as the total time of following individual operations [13]:

- time of placing an order, which largely depends on the communication between a recipient and a logistics operator and on the possibility of placing an order,
- time of processing an order, which mainly depends on the processing of documentation, the registration in a system, and also by checking a customer's payment capacity,
- time associated with the delivery preparation, which includes compiling, selecting, packaging and loading on the appropriate means of transport,
- shipping time, i.e. the period from the moment of loading until unloading. This time depends on the choice of transport, distance, transport organization and sometimes unforeseen events.

Delivery reliability refers principally to ensure a contract implementation in accordance with an agreement. In this aspect, the reliability is determined by the following factors [14]:

- promptness - the delivery of goods within the time specified in an agreement,
- completeness - the compliance with the received delivery order, without losses, mistakes and defects,
- certainty - the order realised without any damage in transport and deficiencies.

In order to meet the requirements as to delivery reliability, it requires complete engagement of the contractor to make a deliver consistent with previously agreed schedule appointments. In case that a delivery is untimely, or incomplete, the contractor should immediately inform a customer.

The convenience in customer service mainly includes the choice possibilities of the forms of an order realisation, the clarity and completeness, as well as the experienced staff for counselling. The elements affecting the convenience in customer service are as follows:

- product availability - adjusting the right kind of stocks due to market needs,
- frequency - the number of deliveries during a specific period of time. A customer can determine the optimal batch of delivery, so that a recipient does not store large amounts of inventory. Deliveries are executed in accordance with the principle of Just in Time,
- flexibility - the ability to respond to changing orders from a client, or to special requirements of delivery,
- complexity - the width of assortment.

Logistics customer service mainly derives from logistics management principles, which are based primarily on the 6R rule (i.e. right quantity, right condition, right time, right place, right cost and right customer). These principles should also include the right product. According to LaLonde and Zinszer customer service includes the following [15]:

- timely delivery due to customer's order,
- customer certainty of delivery reliability,
- a set of actions involving the clearance, related to the preparation of goods, the performance of a contract, accounting service of orders executed for customers, solving problems and their explanation to a customer,
- performing tasks assigned a logistics operator, which include communication, transportation, billing, and supervision over products and warranty service,

### 3. STUDY RESULTS UNDERTAKEN IN SELECTED FIRMS OF LSP SECTOR

Within the the study the following tasks were carried out:

- the analysis of LSP operators in the Silesian Province,
- the selection of two leading logistics operators for further study,
- the analysis of service portfolio of analysed logistics operators,
- the verification of key success factors in the activity of analysed companies,
- the analysis of strengths, weaknesses, opportunities and threats for the development of analysed operators
- the assessment of a customer satisfaction of provided service of analysed logistics operators based on questionnaire surveys,
- working out recommendations for key actions to improve the quality of customer service of LSP operators.

The analysis of key success factors for both LSP operators was carried out. The results are shown in **Table 1** (for the firm A) and in **Table 2** (for the firm B). By analysing key success factors of the firm A, the synthetic score was 8.09 in the 10-point scale. The strongest factors turned out to be: the quality of customer service, market share, delivery time, brand awareness and flexibility in adapting to customer needs. The lowest-rated factor was delivery reliability. In turn, the analysis of key success factors for the firm B resulted in the synthetic score of 7.84 in the 10-point scale. The strongest factors are: the quality of customer service, applied technology (automatic sorting), brand awareness and the range of activities. The weakest factors are: the lack of flexibility in delivery and in the acceptance of shipments, and high prices in comparison to competitors.

The SWOT analysis for both companies proved the overwhelming number of strengths, indicating the possibility of using an aggressive strategy that will maximize developing opportunities.

Additionally, surveys have been conducted concerning the satisfaction of customer service of analysed logistics operators. Respondents were asked to identify their requirements and to evaluate the implementation of various factors of customer service, such as delivery flexibility, the possibility of contact with the courier, the delivery time, the competences of customer service, the ability to track of a delivery, efficient complaint handling, on-time delivery, delivery completeness, delivery reliability, the delivery of undamaged products and the price of services. Customer expectations were different due to the specificity of the surveyed companies. For both operators the most important elements affecting the quality of customer were: service, timely delivery, reliability and the delivery of undamaged products.

**Table 1** Key success factors for the firm A

Key success factor	Rate	The weight of a factor [%]	Weighted value
The quality of customer service	10	0,15	1,50
Market share	9	0,05	0,45
Applied technologies	10	0,08	0,80
Price	7	0,17	1,19
Delivery reliability	9	0,10	0,90
Brand awareness	10	0,10	1,00
Flexibility	6	0,15	0,90
The range of activity	10	0,10	0,50
The sum	64	1,00	7,84

Source: own preparation

**Table 2** Key success factors for the firm B

Key success factor	Rate	The weight of a factor [%]	Weighted value
The quality of customer service	10	0,20	2,00
Market share	9	0,08	0,72
ICT innovations	8	0,10	0,80
Delivery time	9	0,12	1,08
Delivery reliability	6	0,17	1,02
Brand awareness	9	0,13	1,17
Flexibility	8	0,10	0,80
Delivery completeness	5	0,10	0,50
The sum	64	1,00	8,09

Source: own preparation

One of the results from the survey study was a customer satisfaction indicator. For the firm A the value of a customer satisfaction indicator was 0.701, while for the firm B it was 0,715. Among factors for the improvement of customer satisfaction there are: timeliness, delivery reliability and delivery with undamaged products. For these factors, the analysis was carried out to identify reasons and actions to be implemented in analysed logistics operators.

#### 4. RECOMMENDATIONS IN THE RANGE OF NECESSARY ACTIONS FOR IMPROVING THE QUALITY OF CUSTOMER SERVICE OF LSP OPERATORS

The study enabled to determine the necessary actions to improve the quality of customer service of analysed LSP operators. In the range of problems concerning the untimely delivery, the following actions were given:

- the determination of regular time of delivery,
- strengthening the training of drivers and their awareness of penalties,
- the implementation of the system of automatic route planning, taking into account drivers' working time,

- the development of a vehicle fleet, along with the expansion of the cooperation with a greater number of carriers (especially during holidays),
- the intensification of technical surveillance of vehicles.

In the range of problems concerning the lack of delivery completeness, the following actions were given:

- strengthening of control of delivery leaving the warehouse,
- strengthening of control of delivery prepared for transport (each pallet should be protected with the foil)

In the range of problems concerning delivery damage, the following actions were given:

- presence of a driver during loading of goods and the control of received goods,
- taking pictures of pallets before and after unloading by a driver,
- controlling received goods in warehouse,
- immediate notification of any damage of goods,
- obligation of registration any damage of goods on the delivery card/ the consignment, it is necessary to consider the complaint.

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