ASSESSING LOGISTICS CUSTOMER SERVICE IN BUSINESS MANAGEMENT

KADŁUBEK Marta[1], INGALDI Manuela[2]

[1]Czestochowa University of Technology, Czestochowa, Poland, EU, martakadlubek@wp.pl
[2]Czestochowa University of Technology, Czestochowa, Poland, EU, manuela@gazeta.pl

Abstract

The aim of the paper is to identify the area of logistics customer service in the selected company as the one determining market success of the surveyed business entity, particularly taking into account the level of the processes of logistics service in the opinion of the customers. The applied research method was the Servqual method which, among others, enabled the assessment and specification of the level of customer expectations towards the quality of the services provided by the enterprise. The specific objectives of the research were to diagnose the expectations of the customers in relation to ideal logistics service, compare the expectations with the provided level of service and determine the areas requiring changes in the company.

Keywords: Logistics customer service, the Servqual method, management

1. INTRODUCTION

The companies on the contemporary market will not achieve success if they ignore the needs of their customers. Therefore, appropriate customer service should be the priority compared to other strategic tasks [1]. All business entities, irrespective of production profile or service activity, cannot operate if they do not find customers who wish to use products or services provided by them [2].

The primary objective of the paper is to assess the logistics customer service in the selected company. The definitional approach to the concept of logistics customer service applicable in the research was adopted after R.H. Ballou [3], M. Christopher [4], D. Kempny [5], B.J. La Londe [6], P.M. Price and N.J. Harrison [7] as the skill or ability to satisfy the requirements and expectations of customers, mainly as for the time and place of the ordered deliveries while using all the available forms of the logistics activity, including transport, warehousing, management of inventories, information and packaging. The specific objectives of the research were to diagnose customers' expectations in relation to the ideal logistics service, compare the expectations with the provided level of service and determine the areas requiring changes in the company.

2. METHODOLOGICAL BASES

The applied research method was the Servqual method [8], consisting in measuring differences between the quality perceived by the customer and the qugoreckaaiity the customer expects from the specific service [9]. The research tool was the questionnaire consisting of three parts. Two parts consisted of 22 statements: the first one illustrated the expectations of the customers with reference to the specific service whereas the second one included the statements concerning the assessments of the service of the specific service provider. The third part was in the form of the statements aimed at the identification of the significance of five leading attributes of services for the customers by means of distribution of 100 points among the determinants. The responses were given on the seven-point Likert scale where 1 meant that the specific factor is of little significance and 7 that the factor is really significant.

For the purposes of the research, there was prepared the set of 22 questions, classified into 5 main categories which subsequently referred to: questions 1-4 - logistics infrastructure, questions 5-9 - reliability of deliveries, questions 10-13 - rapidity of service, questions 14-17 - competence, questions 18-22 - empathy.

The research was conducted in the company whose business profile is the sale and distribution of confectionary. Currently, the range of products of the company includes more than 50 items of different manufacturers. The company belongs to the group of small enterprises: there are 11 employees and its annual turnover does not exceed EUR 10 million. The headquarters is located in the medium-size city of Częstochowa in Southern Poland, the company serves the customers in the area of Częstochowa Poviat.

The assumed size of the representative research sample amounted to 80 units. To diagnose the level of satisfaction with the service 120 customers of the company were asked to express their opinion about the enterprise in terms of the services provided by the company. The survey was carried out by a traditional technique of collecting data via personal interviews performed by the interviewer using the paper questionnaire (PAPI method) and via e-mail.

3. RESULTS OF THE RESEARCH IN THE AREA OF THE EXPERIENCE AND EXPECTATIONS OF THE CUSTOMERS

The research conducted with the Servqual method [10] was subjected to the analysis in three areas: assessment (to emerge the elements rated the highest in the company irrespective of expectations), expectations (to identify the quality criteria most important for the respondents while using the services of the specific enterprise), the difference between expectations and experiences (to determine the quality features closest to the ideal and the weakest points of the range of services).

The arithmetic means of the obtained respondents' responses to individual questions included in parts I and II of the Servqual questionnaire along with the overall score, i.e. the difference between the average of experiences and expectations are presented in **Table 1**.

Table 1 The observations and expectations of the customers of the company towards logistics customer service

No.	Question	The average of experiences P	The average of the expected value O	Score P - O
1	Possession of modern transportation and storage equipment.	4.75	5.58	-0.83
2	Explicitly formulated declaration of logistics service given to the customer information.	3.35	6.09	-2.74
3	Own means of transportation.	6.60	6.46	0.14
4	Convenient location.	5.13	5.45	-0.32
5	Fulfillment of complete deliveries.	5.07	7.00	-1.93
6	Striving for documentation free of errors.	5.55	6.98	-1.43
7	High availability of products from stock.	4.59	5.90	-1.31
8	Provision of services within the prescribed time limit.	5.14	6.62	-1.48
9	Clearly defined standards and principles of the complaint.	5.43	7.00	-1.57
10	Informing customers of any changes in the order.	5.42	6.78	-1.36
11	Delivering products with the frequency required by customers.	5.26	6.72	-1.46
12	Informing customers of the exact date of order provision by the staff.	5.39	6.72	-1.33
13	Responding to the reported customer needs by the staff.	5.14	6.81	-1.67
14	Assuring customers of the safety of the transaction.	6.59	6.96	-0.37

No.	Question (continue)	The average of experiences P	The average of the expected value O	Score P - O
15	Providing substitutes of goods in the absence of the required range.	4.99	6.48	-1.49
16	Sporadic delivery of damaged goods to customers.	3.26	7.00	-3.74
17	High level of knowledge and competences of the staff.	5.72	6.71	-0.99
18	Individual approach to each customer.	5.33	6.81	-1.48
19	Placing orders in a way convenient for customers.	5.89	6.92	-1.03
20	Provision of services at the time convenient for customers.	4.84	672	-1.88
21	Involvement in solving logistics problems of customers.	4.86	6.47	-1.61
22	Taking care of customer's business and its protection.	5.22	6.68	-1.46
TOTAL		**5.16**	**6.58**	**-1.42**

The analysis of the individual questions of the questionnaire allows for the conclusion that in 95% the expectations of the customers concerning an ideal logistics service are not met by the company. Only in the case of the question about the possession of own means of transportation, the assessment of the facts exceeded the expectations of the customers in this field. This means that 3 trucks possessed by the enterprises fully satisfy the existing demand.

4. RESULTS OF THE RESEARCH IN THE AREA OF GAPS

The most important area of the interpretation of the conducted research is to characterize the gaps occurring between the perception and expectations towards the services provided by the company since poor assessment of the enterprise does not always mean the discontentment of the customer. The largest disproportion (-3.74) occurred in the case of the question about the delivery of damaged goods to customers, which reveals the commonly recurring deliveries with defects and forces customers to make the complaint and simultaneously wait for its consideration and the provision of new products. In this way, the company is exposed to the loss of customers but also significant costs associated with goods, re-transportation. Subsequently, the second position was taken by the explicitly formulated declaration of service given to the customer information - with the score of (-2.74). A large gap (-1.88) occurred with reference to the provision of services at the time convenient for each customer. Their standard service and order fulfillment takes place at 10 to 6 pm and on Saturdays only to 2 pm. Such a time slot does not appeal to bars and restaurants since they open at about 5 pm. Moreover, waiting time for unavailable goods is about 2 days. The completeness of deliveries was also low rated (-1.93), which means that the enterprise does not conduct full specification of the ordered goods.

The following were assessed positively: convenient location (-0.32), safety of transactions with the company (-0.37), possession of modern transportation and storage equipment (-0.83), high level of knowledge and competences of the staff (-0.99). However, it does not mean that the analyzed company fully corresponds with the expectations of the customers concerning the service in these areas. The arising minor disproportions can be reduced with minor expenditures to achieve higher rating in the listed areas. All the identified differences between the expectations of the customers of the company and their experiences in the cooperation with the entity are also presented in **Figure 1**.

The distribution of 100 points by the respondents among five dimensions of logistics customer service with the possibility to grant any number of points in a given area allowed to establish their relevance for the customers (**Table 2**).

Table 2 shows that the most important area in making an assessment of the quality of logistics service from the point of view of the customers turned out to be reliability of deliveries (24.83). It is characteristic though that all the dimensions were rated at a similar level, therefore they are equally important for those questioned. The maximum difference between the identified average ratings of the respondents amounted to 10.12. There was also calculated weighted average for all the diagnosed areas, indicated in **Table 3**.
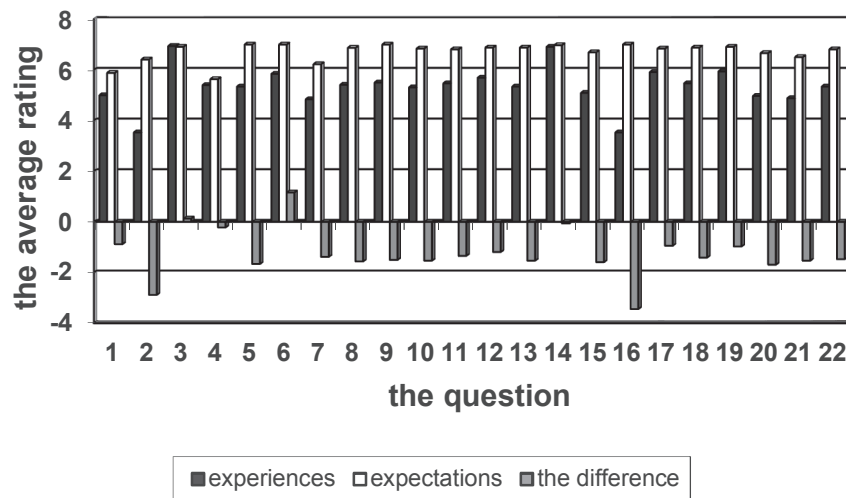

Figure 1 The difference between the expectations of the customers of the wholesaler and the experiences

Table 2 The relevance of the dimensions of logistics customer service in the opinion of the customers of the wholesaler

	The dimension of logistics customer service	The average rating of the respondents (weight)
1.	Logistics infrastructure	19.02
2.	Reliability of deliveries	24.83
3.	Rapidity of service	23.19
4.	Competence	20.86
5.	Empathy	14.71
Sum of weights:		**100**

Table 3 Total weighted average for the Servqual

	The dimension of logistics customer service	Overall average for the dimensions $(\Sigma P - O)/n$	Weighted average $[(\Sigma P - O)/n]*weight$
1.	Logistic infrastructure	-0.93	-17.83
2.	Reliability of deliveries	-1.54	-38.23
3.	Rapidity of service	-1.45	-33.62
4.	Competence	-1.64	-34.21
5.	Empathy	-1.49	-21.91
Sum of weights:			-145.8
Total weighted average:			-29.16

The data in **Table 3** indicate that for all the diagnosed areas the weighted average showed negative values. This reveals the occurrence of discrepancies between the expectations of the customers and the actual satisfaction of their needs by the entity. The calculations indicate that the largest gap between the desired quality of service and the obtained one occurs in the case of the dimension of competence (-1.64), followed by the dimensions of: reliability (-1.54), empathy (-1.49), rapidity of service (-1.45), logistics infrastructure (-0.93).

The product of weights assigned to individual areas of logistics customer service and the average value for the statements in specific dimensions is the weighted average indicating the discrepancy between the actual situation and the customers' expectations. The smaller the value for an individual area the greater the improvement actions are required. In the view of the above, most modifications must be carried out in the dimension of reliability, which recorded the lowest rating (-38.23), i.e. by 9.07 below the total average. The most favorable situation refers to logistics infrastructure of the company (weighted average -17.83), which requires little transformation and even it may be sufficient to provide a specific declaration of logistics service and transfer it to business partners.

5.   CONCLUSION

The conducted research indicates that the achievement of a high level of logistics customer service is an extremely difficult task due to the multidimensionality of the issue requiring coordination, the integration of logistics and marketing and also due to difficult to achieve compatibility between the assessment of the desires of customers, the intentions of the enterprise, the actual implementation of the service policy, its reception by the customers and their actual desires [11]. Generally, it is concluded that the less restrictive the freedom and alternatives of the selection of different conditions of the transaction the higher the level of service from the perspective of the customers [12].

The analysis of the logistics customer service in the surveyed company revealed many irregularities which certainly determine its low position on the local market and annually the falling number of customers in spite of many advantages in the form of a wide range of products, modern technical equipment, experienced staff and the letters of recommendation from suppliers. The formulated service policy does not take into account the actual needs of the customers since it was developed without specific research in this field. The research conducted with the Servqual method among the customers of the company confirmed the above observation. The respondents, while describing their experiences, evaluated this factor the lowest. A significant gap appeared in the field of providing the customers with damaged goods, which reflects frequent defects in supplies and the need to initiate the complaint process. This factor particularly contributes to discontentment and dissatisfaction with business contacts with the company. The research indicated that the elements associated with the logistics infrastructure of the company directly associated with service do not play a significant role. Therefore, technical equipment does not count for the customers but what does is: accuracy, completeness, comfort, safety, an interest in solving the arising problems.

REFERENCES

[1]   ROMANOWSKA M. Planowanie strategiczne w przedsiębiorstwie. Warszawa: PWE, 2009.

[2]   NOGALSKI B., KARPACZ J., WÓJCIK-KARPACZ A. Funkcjonowanie i rozwój małych i średnich przedsiębiorstw. Bydgoszcz: AJG, 2004.

[3]   BALLOU R.H. Basic Business Logistics. Transportation. Materials Management. Physical Distribution. New York: Prentice-Hall, 1997.

[4]   CHRISTOPHER M. Logistics and Supply Chain Management. UK: FT Press, 2011.

[5]   KEMPNY D. Obsługa klienta jako podstawa konkurencyjności firm w łańcuchach dostaw. In KISPERSKA-MOROŃ D., KRZYŻANIAK S. Logistyka. Poznań: Instytut Logistyki i Magazynowania, 2009, pp.67-97.

[6]   LA LONDE B.J. Customer service. The Distribution Handbook. New York: The Free Press, 1985.

[7]   PRICE P.M., HARRISON N.J. Looking at logistics: a practical introduction to logistics, customer service and supply chain management. UK: Access Education, 2013.

[8]   PARASURMAN A., ZEITHAML V. A., BERRY L. L. Alternative scales for measuring service quality: a comparative assessment based on psychometric and diagnostic criteria. Journal of Marketing, No. 70 (3), 1994, pp. 201-230.

[9]   RAFIQ M., JAAFAR H.S. Measuring customers' perceptions of logistics service quality of 3pl service providers. Journal of Business Logistics, Vol. 28, No. 2, 2007, pp. 159-175.

[10]   ROSLAN N.A.A., WAHAB E., ABDULLAH N.H. Service quality: a case study of logistics sector in Iskandar Malaysia using Servqual model. Procedia-Social and Behavioral Sciences, Vol. 172, 2015, pp. 457-462.

[11]   SKOWRON-GRABOWSKA B. Evaluation of customer service level in logistics centre. Freiberger: Freiberger Forschungshefte, D 238 Wirtschaftswissenschaften, 2010.

[12]   LIAO C.N., KAO H.P. An evaluation approach to logistics to logistics service using fuzzy theory, quality function development and goal programming. Computers & Industrial Engineering, Vol. 68, 2014, pp. 54-64.