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## QUALITY OF THE LOGISTIC CUSTOMER SERVICE IN SERVICE AREA

**Abstract:** The paper presents the issue of customer logistics. Particular attention is given to the quality of customer service. It was assumed that this subject range includes three fundamental decision areas: logistic service provider – customer, logistic services system and the range of logistic services. Theoretical considerations are supported by an estimation of logistic customer services conducted on the basis of a logistics company.

**Keywords:** logistic customer service, quality of service, experience quality management, customer service system, logistic services, logistic services provider, point from interaction logistic service provider – customer.

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### 1. Introduction

The globalisation of markets caused greater complexity of logistic chains for both production companies and commercial networks. Hence the increase of interest in logistic services. The customers choosing an external service provider select not only by the price of the service and execution of the shipment, but also promptness, reliability, means of transport and convenience. Therefore, logistics enterprises functioning on the market try to anticipate the customers' wishes by creating packets of logistics services that meet their current expectations. Appreciating the significance of the problem, an attempt was made at assessing the quality of logistic customer service on the example of a logistics company.

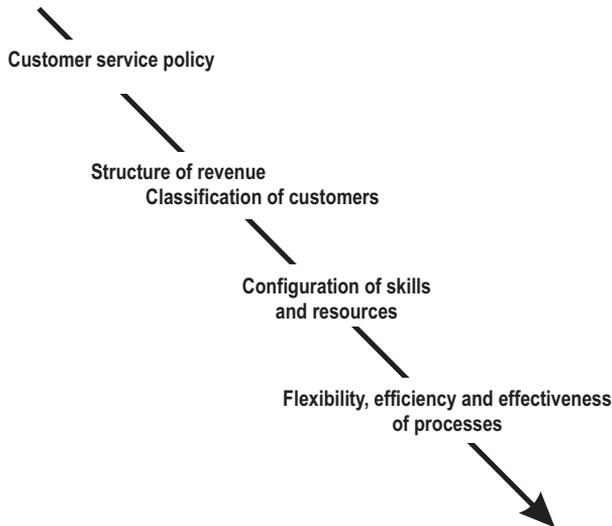
### 2. The conception of logistic customer service

Customer service of in logistics (Ciesielski *et al.* 2006) is perceived as assurance of specific standards of service by the supplier or as fulfilment of basic conditions of its elements, such as the specified time of delivery, completeness of executed orders, delivery timeliness or irregular response time. On the other hand, the company

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diversifies its market offering by providing the customer with value in the form of unique service (Coyle *et al.* 2002). However, increasing demands of the customers and dynamic changes on markets have initiated constant search for more effective means of providing services. C.H. Prahalad (Prahalad *et al.* 2005) defines offering of services as searching for a profit motor. The essence of this approach is presented in Figure 1.



**Fig. 1.** *Service providing process*

Source: *The author's work based on (Prahalad et al. 2005)*

In search of sources of profit, more and more attention is given to intensifying cooperation with the customer. It requires understanding of the difference between “thinking from the company perspective” and “thinking from the customer’s perspective”. Such an approach can be encountered in many studies of the logistic customer service branch.

Guaranteeing profits for the customer requires taking numerous decisions not only in the tactical aspect, but strategic ones as well as. Decisions concerning the implemented strategy of logistic enterprises are the results of changes in production factors and consumer products observed on the market (Ciesielski *et al.* 2005). Formulation of a customer-driven strategy requires the creation of a customer expectations identification system and the control and measurement of the factually realised level of the service (Pokusa 2001).

Formation of standards of services has certain limitations when the costs are given priority. Companies should seek optimal levels of service for individual groups of customers, which ensures high quality of services, when planning the implementation of the company’s strategic goals, financial results etc.

Taking into consideration the presented approach to customer service and based on projecting of services process described by J. Bendkowski (Bendkowski 2004) in assuring service quality, it is necessary to consider three elements:

- logistic services provider-customer interaction,
- connections among service system elements,
- range of logistic services

### Logistic services provider-customer interaction

Every direct contact with the customer is the moment of truth. The customer makes the evaluation of a part of the service or of the service as a whole. All elements of truth affect service assessment (Bendkowski 2004). It is possible to go further beyond traditional exchange towards management according to the customer-company-customer pattern. C.H. Parahalad (Parahalad *et al.* 2005) defined it as the creation of an experience net. He assumes that the quality of products, services and processes (TQM) is a necessary but not sufficient condition for the quality of experiences. He calls the combination of variety and performance quality “experience quality management” – EQM.

Logistic operations should be connected with the experience environment, balancing expectations and requirements of customers with the company’s objectives. The essence of this approach is presented in Figure 2.

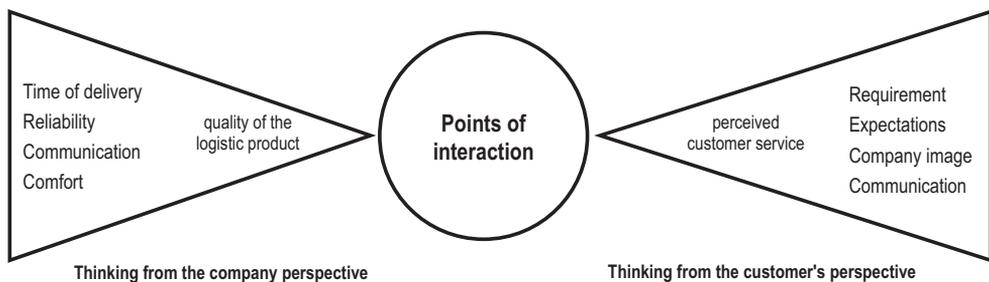


Fig. 2. Points from interaction logistic service provider–customer

The attitude towards interaction between the customer and third party logistics and experience variety makes it easier to satisfy his needs of any customer at a given place and time. The traditional logistic chain is still important, physical moving of goods will not disappear, but it will be more flexible. It will be marked by the “ability to adapt and change quickly its configuration of supplies, suitably to significant fluctuations in the customers’ demand” (Parahalad *et al.* 2005).

### Relations within the customer service system

The next step decisive for service quality is determination of the relation between decisive elements of services. The relations diagram is shown in Figure 3.

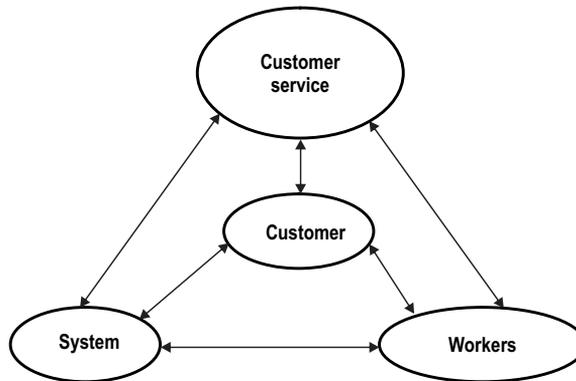


Fig. 3. A diagram of the connection of elements of the customer service system

Source: The author's work based on (Bendkowski 2004)

Four elements play an important role here:

**Strategy** – is associated with the selection of target groups of customers, the definition of the range of logistic activity, as well as decisions concerning the possible costs of that activity (Ciesielski *et al.* 2005). The strategy of customer service, without regard to detailed conditions and solutions, should serve a basis for gathering fundamental rules. Reactive changes in the level of service should be replaced by anticipating of the customers' expectations (Pokusa 2001).

**Customer** – the central element of the system, who should be assured the proper quality of service.

**Workers** – commitment, competences and satisfaction of the workers with their jobs is a principal precondition for the customers' satisfaction.

**Processes** – material conditions, infrastructure, valid procedures in the service process make efficient and economically effective logistics service possible.

### Range of services

All firms functioning on the market create packets of services satisfying current expectations in terms of logistic service. The fundamental meaning has the kind of services offered and the range of logistic services assignments are of utmost importance here (Sołtysik 2003). The quality of logistic services is more and more influenced by the competition in the TSL services industry. It concerns the prices, quantity and quality of services, or the prices alone.

Such a complex approach to the quality of logistic services indicates the importance of the issue in ensuring the proper level of customer service.

An improvement in logistic customer service (Ciesielski *et al.* 2005) gives the company numerous advantages, including:

- increased competitiveness,
- improved market position,
- advantageous image,
- improved business profits.

### **3. Testing method**

Based on the presented approach to testing customer service quality, the basic components of the customer service were determined. The selection of gauges of all essential elements of service was the core problem from the company's customer perspective. Therefore, in the assessment of the issue, both quantitative and qualitative standards were used. Service quality was measured by comparing the correspondence of customers expectations (a set value) with service execution level (a real value).

The tested areas were: company strategy, service processes, workers and the customer.

#### **Case-study**

The object of the tests was a department of an international logistics company (logistics operator). The company functions on the domestic, European and global markets. It offers the following services: road transport, forwarding and additional services. In 2005, a new terminal was opened, because the company had struggled with many issues, one of them being the application for the TAPA and HACCP certificates. In the initial period, the company faced numerous difficulties, caused by a decline in the level of customer logistics service.

Since then, a considerable improvement of the level of service has occurred. The analysis included a group of strategic, customers including supermarkets and cosmetic companies, the automotive and clothing industries. The results of the tests were presented in reference to the mentioned research areas. The data for the study was sourced from a qualifying dissertation.

#### **The strategy**

The guiding principle of activities undertaken at the company is the mission: "We deliver logistic solutions that create added value for our customers". The implementation and development of the mission content is the company's vision: "We want to be perceived as the best logistic co-partner, supplier of logistic solutions, contributing to the customers' competitiveness". Our strategic objectives are closely connected with the dynamically progressing electronics markets. The services offered complement mutually, thanks to which the company is able to create individualised services for its customers, while guaranteeing the same quality to each customer. A customer service policy has been developed and the criteria of evaluation and standards have been established.

#### **The processes**

The company offers a broad range of services, connected with shipment transport (it accepts, transports and deliveries shipments for enterprises), as well as additional services. Physical flows are supported by an IT system, which improves the processes, for example: EDI, Tracking and Scheduling. Table 1 sets forth the course of executed processes.

**Table 1.** *The results of testing of execution processes of customer service in 2006*

Item	Standard [%]	Average value [%]
Orders executed on time	97.00	97.85
Reliability of deliveries	97.50	96.48
Correctness of documentation	97.00	98.52
Orders executed in full	97.50	96.50
Percentage of faulty deliveries	1.00	2.03

Based on the data in Table 1, it can be concluded that the percentage of faulty deliveries was higher than expected, the reasons being: incomplete mail, delayed and unrealised deliveries. In the future, company intends to reach a fault coefficient below 1%.

### Employees

The conducted questionnaire study has shown that there are no workers with significant job seniority and the workers represent a low level of expertise in logistics of the operation of terminals. In order to improve the results, it would be necessary to enhance the workers' knowledge of logistic aspects of practical duties of customer service.

### Customers

Based on the above mentioned studies, the quality of logistic customer service was assessed. The results are shown in Table 2.

**Table 2.** *Results of 2006 service quality tests*

Item	Ordered value [%]	Actual value [%]
Delivery readiness	90.00	85.00
Percentages of satisfied customers	90.00	87.00
Deviations:		
Incorrect deliveries	1.00	1.47
Delayed deliveries	1.00	2.35
Returns	1.00	1.00
Repeated deliveries	0.10	0.90

The conducted evaluation shows that the company executes its service on a level very close to the standards. The deviations that occurred result from both the company's and customers' faults. The gathered knowledge of customers' expectations is the basis for determining the directions of service improvement. The synthetic index evaluating the quality of logistic customer service is OTIF. For the tested company, that index makes is about 92.92%. It is therefore necessary to intensify

the cooperation with customers, using the experience network. It can be expected that the effect of actions taken would be increased quality of logistic customer service.

## 4. Conclusion

In the recent years, the quality of the logistic customer service has become increasingly more important. Modern technologically-organised solutions, assisted by computer systems, have created new possibilities for the development of logistics companies. All companies operating on the market create service packets designed to meet the current expectations of customers with respect to the service.

Based on the tests conducted, it can be concluded that:

- The suggested course of action referring to logistic customer service will direct the research toward important elements shaping the quality of service. The focus on the points of interaction of the customer with the company and the performance environment is of crucial importance for the adjustment to diversified needs of customers, the traditional logistic chain is still valid, the transport of material goods will not disappear, but it will be more flexible.
- Introduced approach was verified on an example of a logistics enterprise. Results of the research show that the management of the firm puts emphasis on the quality of logistic customer service and the service-related tasks are standardised. Based on an ratio analysis, it was possible to confirm that the tested firm guarantees a high level of logistic customer service and the majority of ratios exceed assumed standards of service.

Nevertheless, intensifying cooperation with customers and utilising the approach based on the experience network would contribute to an improvement of customers service.

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