

SURVEY OF CUSTOMER SATISFACTION: THE EXAMPLE OF FREIGHT DISTRIBUTION CENTER

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Abstract: Increasing of the strict market demands and complexity of logistics processes require a comprehensive survey of customers' views of the logistics services. Identification of customer's expectations, wishes and basic principles of the services, is the first step in establishing a model for continuous evaluation and monitoring of customer's satisfaction. This study presents a possible method of customers' satisfaction surveys in the case of logistics services provided by freight distribution center. The questionnaire, including analysis of obtained data, has provided insight in the realization of the customers' expectations and determined which performances of provided services are the most important. Knowledge of attitudes and requirements of the customer, has an impact on planning, realization and evaluation of effectiveness of the processes within distribution center. Surveys like this one are not just precondition for evaluation of the customer's satisfaction, they are also necessary for implementation of modern distribution center business concepts.

Keywords: freight distribution center, customer satisfaction, pilot survey.

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1. INTRODUCTION

Any company that wants to maintain its ratings or to become a world market leader has to find new ways to strengthen its position. Large selection of quality products and their ratio of representation require that companies need to provide quality services that accompany the product and the realization of complete supply chain, in order to meet demands of the customer. Logistics has become an essential factor for a successful business because of wide spectrum of services which directly participate in defining the overall value of the product. Modern market trends are initiating and generating much stricter demands for quality of logistics services. The main aspiration of this logistics system is to fully meet the expected market demands in order to create satisfied and loyal customers, and thus provides a high market participation, competitiveness and long-term profits.

The company can fulfil these aspirations and objectives only if it provides complete and high-quality logistic services for its customers.

However, there is always a dilemma, what is a good quality logistics service or which attributes of service completely meet the requirements and expectations of customers? Continuous survey of users' views on services provided by logistic carriers

is the right way to determine the quality of given services. [2]

Management based on a good relationship with customers - CRM (Customer Relationship Management) becomes the key to all marketing processes of the modern company. Long-term linking with the customer in order to create long-term buyer/user cooperation allows changing of the basics of management philosophy that goes from products and businesses to a customer satisfaction.

This study highlights the importance of customer's satisfaction by measuring and it contains examples of original research of FDC (Freight Distribution Center) users' views. This pilot study was conducted in order to initially establish the basic performances of services which are essential from the user's perspective, as well as potential methods of continuous evaluation of customer's satisfaction.

A small scale survey is usually carried out prior to the main survey, primarily to gain information to improve the efficiency of the main survey.

2. MEASURING CUSTOMER SATISFACTION AS A FUNCTION OF QUALITY

Any Continuous measurement and evaluation of customer's satisfaction enables management to make strategic business decisions that contribute to loyalty of consumers. The choice of an adequate model for

the assessment and methodology for monitoring customer's satisfaction is of a great importance for this process. Satisfaction of users can be observed through many aspects, but here it will be presented only one that relates to the fulfillment of strategic goals of service provider who takes care of customers and improve service quality in accordance with their expectations/requirements. [7]

The concept that enables continuous improvement of operations of the company through customization is a CRM. [3] CRM for companies means to be well informed and be able to interact with profitable and potentially profitable customers, by considering their individual needs.

Managing relationships with customers/clients emphasizes the importance of a user-oriented business. The main goals of modern consumer relationship management are gaining new customers, deepening connection with existing customers and increasing of competitiveness and profitability. To achieve these goals it is necessary to personalize the communication channels and business transactions with each individual customer. Therefore CRM is much more than software support for automating marketing processes, it is a set of methods that increases the efficiency of these processes, more than sales or after market services and management. [1]

2.1 Survey of customer satisfaction

Complete logistics service is the most important part of any logistics system where all processes and activities within logistics chain must be designed to support the required structure and level of logistics services. The goal of any logistics system is to provide complete logistic services which will fully satisfy the requirements and expectations of customers. [6]

In recent years, customer service becomes the primary weapon in the battle for survival on the market and overcoming competition.

All of this is due to the fact that the products are very similar, that they often have almost completely same characteristics, so the differentiation and competitiveness can be achieved in the field of logistics. [5]

All logistics quality surveys clearly show that there are no standards in this area, which could be successfully applied. In fact, there are a large number of measures such as that many of logistics managers give up on trying to measure and monitor quality. The complexity of this problem is shown by the fact that some universities of the world have formed a separate research teams whose projects are

dedicated to identifying the appropriate "set" of quality measures in logistics. [2]

3. DEFINITION OF SERVICE PERFORMANCE FROM THE USER PERSPECTIVE IN FUNCTION OF SERVICE SATISFACTION ASSESSMENT

3.1 Freight distribution center GP Auto Shop

Freight distribution center is a set of various functions and subsystems which enables realization of different processes and activities. The main task of FDC is to accept and offer effectively a wide range of products. FDC function is the reception, storage and dispatch of the entire assortment. Distribution center GP Auto Shop is a company which business activity covers a wide range of services. The main activity of the company is sale and distribution of tires for all types of vehicles, on the market that includes narrow administrative area of the city of Belgrade and greater Serbian regional centres. GP Auto Shop is the official distributor of tires for Michelin, Kleber, Tigar and Kormoran, which are part of Michelin Group. The main partners of the industrial and agricultural assortment are Michelin, Traya and Galaxy. In order to offer the best possible service to its clients, other goods are also included in its selling assortment, such as batteries (Black Horse, White Horse, Extra Start), motor oil (Mol, Shell, Esso, Mobil, Galax, Viskol, Selenia, Elf, Total, Modriča, Ina, BP), car cosmetics and car accessories (Auto Tec, Car Plan, Rally, Michelin Lifestyle), a specialized auto accessories (Thule, Concord), tools (Auto Tec, Takeda), service equipment and the company product line (windscreen liquid, distilled water, gas shock absorbers and fragrant air fresheners). Commercial distribution network in Serbia is associated with modern information system. The distribution network consists of the distribution-logistic center in Belgrade and stores with extra storage in Novi Sad and Niš.

They developed their own retail network with high-speed service in Lazarevac, Belgrade, Novi Sad, Subotica, Arandelovac and Kraljevo. The company possesses Renault and Dacia group automobile showroom in Lazarevac, built to the highest Renault standards.

GP Auto Shop customers are wholesale buyers, retail customers, supermarkets, gas stations and fleet customers. Wholesale customers are engaged in the sale and distribution, and retail customers at the same time are the end users and they do not distribute the goods any where further. Fleet customers are larger systems that have their own

vehicle fleet . Characteristic of fleet customers is that they know in advance the amount of tires they need, which has been confirmed in the contract. Supermarkets and gas stations have special requests on delivery of goods , which significantly influences their expectations from a FDC services.

The diversity of users and their requirements in relation to service, affected the interview process, starting from creation of the questionnaire, the research methodology, up to analysis of the results.

3.2. Analysis of the survey results in order to define performance of FDC services and customer satisfaction ratings

The survey was conducted on a random sample of 43 firms (53% of the firms are engaged in wholesale and 47% of them are engaged in retail sale) using a questionnaire with 34 questions, from August 2011 to October 2011. Interviews were carried out by GP Auto Shop company merchandisers. The obtained data were analyzed using SPSS 17.0 software. The results processing defines a customer profiles through the length of their existence in the market and based on the period of cooperation with the FDC. After that, demand for the product assortment was determined. Based on the amount of sold goods it was defined which goods has the most generators.

The frequency of requests for certain goods dictates the pace of operations and changes within the business orientation. It is important to know whether users harmonize their requests with FDC timetables, what their requirements are and whether they have any urgent shipments caused by sudden demands. The survey has obtained a lot of information which presents a picture of the functioning of FDC processes, and which may still be subject to analysis. For the purposes of this paper survey results which defines the performance of service are separated, which enables estimating - measuring of customer satisfaction.

3.3. The performance of service from a customer perspective

The customer assesses and evaluates the performance quality of logistics services in many different ways. Based on survey results, the following performances of service are relevant from the customer perspective:

- Delivery time.
- Delivery speed.
- The accuracy of delivery time.
- Proper condition of delivered goods.
- Courtesy of staff.

- Timely and accurate information which customers receive.
- The quality of delivered goods.
- Errors that occur during delivery of goods.
- Complaints to the errors and possible failures.

Delivery time is one of the most essential parts of logistics services. All activities that are necessary to be performed in order to prepare goods for delivery will be irrelevant if the goods are not delivered within specific time.

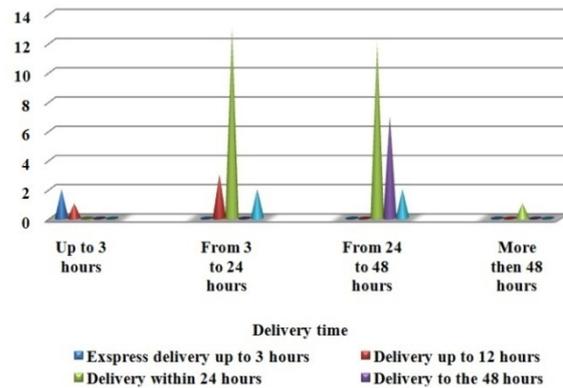


Figure 1. Relation between required delivery period and realization of achieved demands

If we observe the relationship of requested delivery period and time of its realization (Figure 1.), we can make a conclusion that the customers to whom goods are delivered within 3 hours have demanded such delivery. Within the realization of delivery for a period of 3 hours, there is a part of customer requirements to be carried out within 24 hours. Requirements that are realized in a shorter period of time prior to the defined time of delivery are causing customers positive attitude.

Ability to exceed customer expectations enables gaining and retention of the customer. Based on the survey results, we can say that the required delivery period is mostly harmonized with the time of its realization. Delivery speed is in accordance with the customer requirements. The vast majority of customers are satisfied with the realization speed of their demands, about 88% of them (Figure 2.)

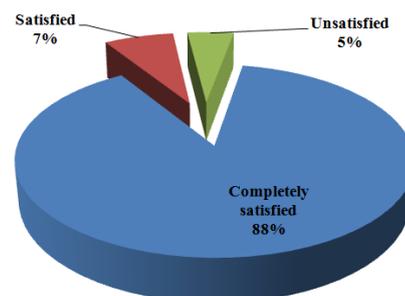


Figure 2. Customer satisfaction with the delivery speed

The accuracy of delivery time is another performance that affects the quality of logistics services, as well as the level of satisfaction of customer requirements. In this case, the percentage of fully satisfied customers is about 88%, with comments that FDC fulfils its promises in terms of accuracy of delivery time (Figure 3.).

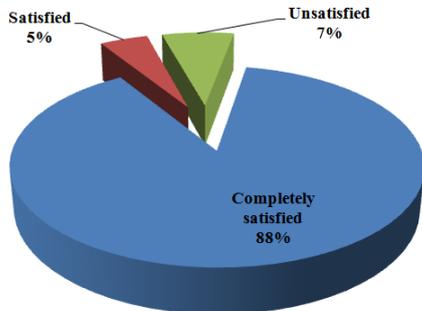


Figure 3. Measurement of the customer satisfaction with respect to the accuracy of the delivery time

Besides fast delivery and exact time of delivery, condition of delivered goods is quite essential. From a customer's perspective it is extremely important that the products are delivered in proper condition. It is possible that the goods are not well protected during the delivery and to be damaged while transporting. It is necessary to determine the reasons for such cases, because the customer wants to get what he has arranged and paid for, otherwise he will not receive or accept the goods, and maybe next time he will choose to have another supplier. About 74% of FDC customers are satisfied with the condition of the delivered goods, while 26% of them have not received the goods in an acceptable state.

Even though the most customers are satisfied, we must not neglect the fact that more than a quarter of customers said that sometimes the goods were not in proper condition (Figure 4.).

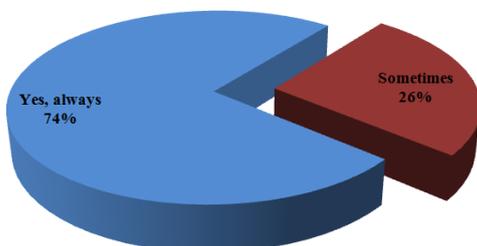


Figure 4. Satisfaction with the state of delivered goods

Courtesy of staff is one of the preconditions for customer decision to choose the products and services of FDC. Constant training and educational programs introduced by FDC for its employees, policy that every customer is special and that his claims are priority, have a positive outcome.

About 91% of the customers are completely satisfied with the courtesy of the staff, 2% of them are satisfied, which leaves 7% of unsatisfied customers (Figure 5.).

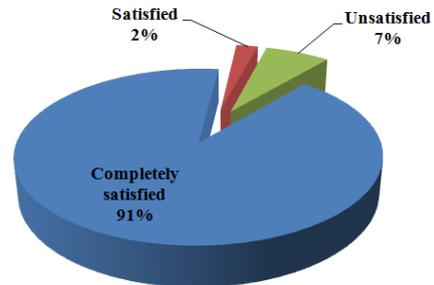


Figure 5. Review of staff courtesy

It is necessary to track the customers who are not satisfied with the services, in order to determine the causes and consequences of their dissatisfaction and whether they have a real reasons for it. There must always be striving for the best possible approach to to the customer, which allows the realization of good cooperation, gains the trust of the customers and the ability to establish a loyal customers. Previous experience of the company points out that the customer loyalty is crucial in terms of the information accuracy, which is very important from the aspect of the market developments. FDC forms business strategy based on such information. Providing timely and accurate information to the customer is important for maintenance and further development of business cooperation with FDC.

The customer need information about delivery of goods and whether a particular type of goods can be purchased. On the other hand, customers have their own competitors, so timeliness and accuracy of information plays a major role in the market.

It is important that FDC provides accurate information for its customers in order to improve their business, gain and retain them as trusted clients. About 91% of the customers are completely satisfied with accuracy of the provided information, 2% of them are satisfied and 7% of them are unsatisfied customers (Figure 6.).

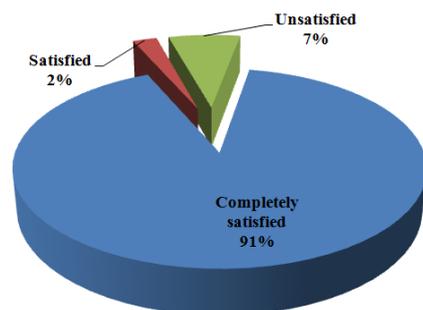


Figure 6. Customers satisfaction with the timely information obtaining

Considering the FDC product quality, there is a high degree of the customer satisfaction (Figure 7.). Besides the quality of the product, it is necessary that all the processes that accompany the delivery are realized in an efficient manner.

Customers loyalty can be achieved through the integration of the product quality and quality of logistics services. [4]

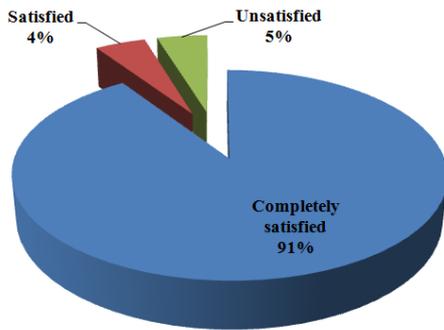


Figure 7. Customers satisfaction with the FDC product quality

The causes of errors that occur during the delivery of goods may be the human factor and the lack of control within the specified process.

For example, the error of the delivered goods quantity can happen because of a physical shortage of certain goods in the warehouse and its presence in the database. Adequate inventory management, increased control of the processes and the constant training of employees may lead to a reduction of the existing errors. Errors during the delivery are causing the customer complaints, so the regulation of factors that cause the errors can affect the reduction of those complaints.

The survey shows that the most common errors that may occur during the delivery of goods are related to incorrect rebate, type of items, invalid quantity and invoicing errors (Figure 8.).

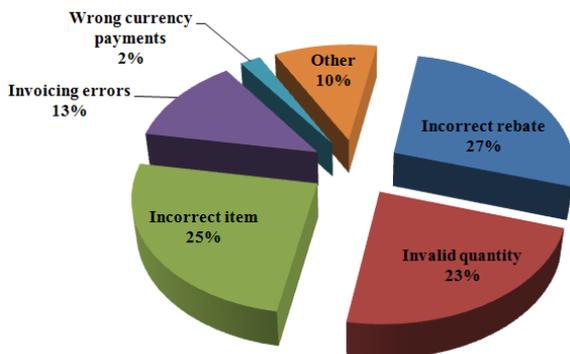


Figure 8. Errors that may occur during the delivery of goods

The results of this pilot study may be the basis for the implementation of tools that can continuously

measure satisfaction of customers with the services and also to improve or introduce new services in accordance with the assessment of customers. Evaluation of customer satisfaction with the performance of services shows the importance of the basic performance of services (Figure 9.).

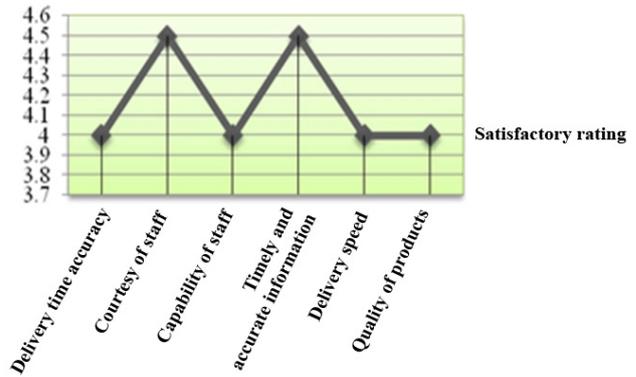


Figure 9. The importance of the basic performance of service

Particularly useful results of such surveys are related to new services, and the possibility of innovation in accordance with expectations of the customers, which might be the subject of a special study.

This survey showed how customers are well-informed and interested in the use of B2B services, and also defines the benefits of B2B services over traditional ordering of goods, and after that FDC GP Auto Shop has started with the development of B2B services based on its modern information system.

4. CONCLUSION

The example of logistics services provided by freight - distribution center GP Auto Shop shows how it is possible to monitor the satisfaction of customer requirements. Analysis of obtained results highlighted the performance of logistics services relevant from the customer's perspective. These performances have a direct influence on the attitudes of customers, and they demonstrate how the efficiency and effectiveness of the requirements realization affects the perception and experience caused by the provided service.

The customer assesses and evaluates certain quality performance of logistics services in a different ways. Level of customer requirements satisfaction directly depends on the value of logistics services performance. This reflects the importance of interaction between business systems and customers, as well as the active involvement of customers in the design and realization of services.

Constant monitoring of customers' satisfaction with the services or products, by measuring and assessing the level of satisfaction as a function of quality, is essential for the retention of the existing customers and gaining the new customers, in order to form and shape them in to a loyal customers.

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