

Mazorenko O.V.

PhD in Economics, Associate Professor of Management and Business Department
Simon Kuznets Kharkiv National University of Economics

LOGISTICS CUSTOMER SERVICE AS A SOURCE OF COMPETITIVE ADVANTAGE

The article is devoted to the aspects of competitive advantages creation and development through supporting a high level of logistics customer service. The definition of logistics customer service is given; its role in customer satisfaction is identified. Key elements of customer service are distinguished. As a result of theoretical analysis the relationship between logistics customer service, customer satisfaction and competitive advantages of a company is determined.

Keywords: *logistics, customer service, competitive advantage, customer satisfaction*

In modern business environment customer service level is become more effective tool of increasing output and profit of a company rather than marketing and advertising. Keeping customers satisfied is essential to building a successful, growing business. While many companies work hard to increase sales, they may overlook the little things that keep customers happy and buying more. It is easier to accelerate business by cultivating the existing customers rather than constantly working to attract new one.

In a competitive environment, customer service is an important means of differentiation from competitors and of customer loyalty. Setting the components of customer service and quantifying the level of service are means of keeping the company's competitive advantage [1].

The problems of customer service in logistics are considered by Scioșteanu A., Grigorak M., Wouters J., Kong B., Choe M.F., Shoul J., Kavaliauskienė I., Aranskis A., Litvinenko M. and others. But the impact of logistics customer service to level of competitiveness of the company requires more detailed study.

The purpose of the article is to identify essence and role of logistics customer service in customer satisfaction process to gain competitive advantages of a company.

As Wouters J. considers customer service is those activities that occur at the interface between the customer and the corporation which enhance or facilitate the sale and use of the corporation's products and services. It includes all of the things that a manufacturer does for a customer in moving a product from the end of production to the customer [2]. And Scrioşteanu A. in [1] defines customer service as the chain of sales activities and meeting customer requirements, which begins with receiving the orders and ends with the delivery of the products to customers, in some cases continuing with equipment maintenance services.

Logistics service value focuses on the relationship of logistics service to customer service, capabilities and competitive advantage of a company. Logistics service is an important element of customer service and helps an organization maintain its current competitive position in the marketplace [3, p. 41]. Logistics service aims to fulfill key logistics rule of “7R”: right product, right quantity, right quality, right time, right place, right customer and right cost.

In this case we need to define logistics customer service as a generalized concept. According Grigorak M. logistics customer service is an important component of the service process, which makes it possible to ensure the necessary level of customer satisfaction provided support efficient level of costs in supply chain [4, p. 21].

Logistics customer service creates added value for all participants of the supply chain. Logistics customer value is created through efficiency, effectiveness, and differentiation [3].

Today the importance of consumer services, which become a competitive weapon of the company, is increased. The factors behind this growth are [1]:

the continuous changes in the customer expectations, the consumer demands more, he is more sophisticated than he was 30 years ago.

the reduction in the power of the brand growth by the technologies of the competitive products, thus making difficult to perceive the differences between products.

Wouters J. [2] distinguishes two customer service elements: reliability service and responsiveness. The first element concerns the basic logistic performance regarding “availability”, “delivery reliability”, “quality of deliveries”, etc. The second component concerns a company’s communicative skills and commercial flexibility.

According to study of Kong B. and Choe M.F. [3] value can be created through customer service elements such as product availability, timeliness and consistency of delivery and ease of placing orders. If logistics can create value through the inimitability of its logistics activities, an organization may be able to differentiate itself from its competitors.

As Shoul J. mentioned, functions of logistics customer service is to maintain existing customers, attract new ones and create for all the customers desire and need to continue cooperation with your company [5]. In other words, the main tasks of logistics customer service are:

- to save customers;
- to increase numbers of customers.

Thus to provide an effective logistics customer service company has to satisfy customers needs not only in type, quality and price of products, but in available, reliable, flexible and fast accompanying service. In this case to be competitive in modern business environment companies have to follow customer-oriented approach.

A customer-focused strategy meets better the needs of the customer. According Kavaliauskienė I., Aranskis A., Litvinenko M. [6] customer-oriented companies use market data and logistics information to develop new services and to understand how the customers assess the services; they are more focused on their customers than their competitors and believe that their businesses exist primarily to serve their customers and customers’ needs are always on the first place.

Thus, we can explain relationship between logistics customer service and competitive advantage due Fig. 1.

Logistics customer service at the basic level balances availability, operational performance and reliability for all customers. Customer service is internal oriented because of measuring selected areas against predetermined performance standard [3].

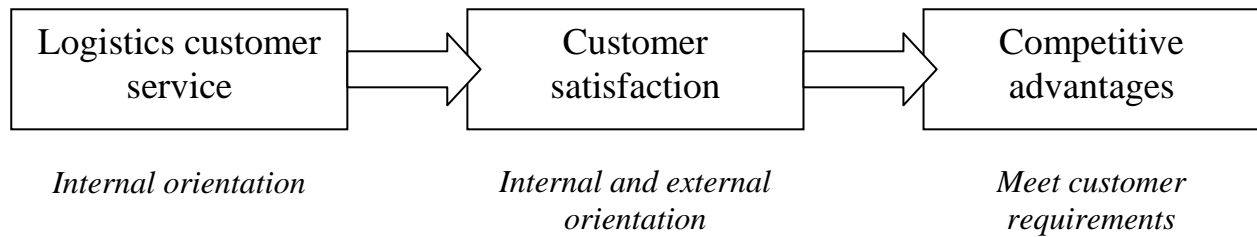


Fig. 1. Relationship of logistics customer service and competitive advantage

Kavaliauskienė I. generally defines customer satisfaction as a customer assessment in terms of whether the service meets the customer's needs and expectations [7, p. 332]. It is important to note that each client's expectations are different. This may depend not only on the personal interests, but also on the environment, area, the type of business in which those expectations are formed.

Kong B. and Choe M.F. [3, p. 166] have identified ten customer logistics-based expectations as follows: reliability, responsiveness, access, communication, credibility, security, courtesy, competency, tangibles and knowing the customer. Some of these elements may be more important than others and there may be factors other than those listed with significance to particular markets.

Customers are satisfied when their total expectations are met which is formed by many internal and external factors such as word of mouth recommendation of the person they are close to, personal needs, past experiences, external communication by the service providers. Therefore, customer satisfaction is internal and external oriented. Company has to measure fulfilling customer expectations (external) and service level according predetermined standards (internal).

Finally it could be concluded that, there is a significant positive relationship between the promotion, service quality, customer experiences and brand to customer satisfaction [7].

Loudon D. [8, p. 62] define competitive advantages are those factors in which a particular organization excels over competitors or has the potential to excel over them.

The advantage must be [8]:

- real. It must actually exist and not be just a wish.
- substantial. It must be great enough to make a difference in the market.
- important. It must translate into a benefit that the customer seeks and values.
- specific. It must explain “what” and “why” to avoid being perceived simply as puffery.
- promotable. It must be able to be communicated frequently enough in relevant language which is understandable and motivating to the customer.
- sustainable. It must be able to be maintained as changes occur in various facets of the environment.

Logistics is one of the appropriate areas where competitive advantages may be found and developed.

Forming competitive advantages involves a thorough understanding of individual customers’ requirements, internal processes, competitive environment and whatever else necessary to succeed in its own competitive arena.

Thus companies’ ability to be flexible and adapt may help to gain an advantage over other organizations.

As companies become more sophisticated and more adept at leveraging logistical abilities, they move along the continuum from initial efforts targeted to basic customer service and on to re-focused effort toward achieving customer satisfaction and eventually, may shift to emphasizing competitive advantages as the ultimate goal.

As a result of conducted research it can be concluded that a good logistics customer service can bring higher efficiencies and gain competitive advantages of a company. When a company focuses its efforts on the areas that directly affect customer satisfaction, it will than utilize its resources more efficiently. In result, an effective logistics customer service will provide a pathway for working on those areas that are most important to the customers and will reduces the deviation which distracts the company from focusing on these areas. A free good logistics customer service can also increase morale and satisfaction of the firm as most of the

customers will be happy with the company that increase competitiveness of a company.

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