

THE IMPACT OF CUSTOMER SERVICE ON LOGISTICS

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Abstract

Customer service can ensure for companies a competitive advantage over their competitors. It provides information about what the customer wants and also maintains the line of communication opened, so even if there is a problem, it can be solved amicably. The company has to make sure not only that products are arriving safely to the customers, but also that they provide satisfaction (ensuring the perfect order). The service quality means that the customs expectations are fulfilled. Any mismatch between what the customers wants and what he is receiving, leads to a service quality gap.

Key words: customer service, logistics, customer, research methods, quality gap, perfect order.

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1. Introduction

Most companies realize that customer service has a major impact on their general business.

In the past, customer service was based on assumptions about what the customers want.

In our days there are more professional ways in which companies are obtaining the information that they need about customer's expectations.

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2. The Importance of Customer Service

The growing competition on the global market is allowing, that, in the case of two similar products, that are produced by different companies, the customer service to make the difference between the two of them, therefore becoming a competitive advantage for the winning company.

The continuous challenges that a company is facing in order for the product to meet customers' expectations are linked to: technical content, product characteristics, and easiness in using it, style and quality. The service elements, that are surrounding the main product, are most of the times decisive in raising the demand for that particular product.

Examples product surrounds are frequency in deliveries, being serious in deliveries, contact point, after sale support. The costs of customer service are about 20% of the products price, but the impact is 80%.

The company has to take into consideration a long period of time. First of all has to know in detail the customer needs. The vision of the company about the product may not coincide with the one of the customers. For example, vacuum cleaners promotional activities can focus on the easiness in handling the product, instead of its ability to clean, that for the customers may be the most important attribute.

The market researchers are very important for obtaining accurate information about customer expectations, that are involving not just the product, but also for instance the after sale activities. The customers can be asked to describe their satisfaction regarding the conduct of the company's employees.

Also it is best for a company to develop a trusting relationship with its clients that can be informed at certain time interval about the launch of new products, price reductions and others.

3. The components of customer service

For logistics it is important that the clients receive the product that they have ordered in time, in the right place, in the appropriate conditions, to make no mistakes about the client's identity, the right evaluation of costs and the precise quantity that the client is asking.

The elements that are included in any transaction are:

a) Prior to the transaction: the written policy about customer service, access to the personnel that is handling the customer service, a single contact point, the organizational structure, the existing methods for placing the order, restrictions regarding the quantity, the flexibility of the system;

b) The components of the actual transaction are the main target for the logistics: the time for placing an order, the preparation for delivery, the possibility to make an inventory, ways to deliver the products, the schedule for delivery and complying it, safe delivery, continuous informing the clients regarding the status of their order;

c) The after – sale elements are: the possibility of product replacement, billing, product warranty, the possibility of returning the product, the claiming procedure, obtaining the compensation and other.

In customer service there is a new concept of total order fulfillment cycle time, that means all the time that passes between receiving an order and the final delivery. All the companies' activity is evaluated by their customers. Even how much time the customer is waiting for a company's employee to register the order can provide satisfaction or be an unpleasant experience.

The total order fulfillment cycle time is also including: the time to process an order (how long does it take for an employee to identify the product that the customer wants), time schedule of the delivery, taking the product from a warehouse, handing over the product to the customer.

The logistics is based on 4 multifunctional dimensions:

a) Time - to fulfill the orders;

b) Being serious in delivery – to respect the schedule regarding delivery and the product safety;

c) Communication – easiness in placing an order;

d) Flexibility – the ability to recognize and adapt to the ever changing customers' needs.

In the case of emerging a problem in the customer service activity, the company has to be prepared to identify the status of the order and to take all the measures in order to fix the situation.

4. Ensuring a good quality of the products

The company has to make sure not only that products are arriving safely to the customers, but also that they provide satisfaction.

The service quality means that the customs expectations are fulfilled. Any mismatch between what the customers wants and what he is receiving, leads to a service quality gap.

It is important to constantly monitor the quality that the customers perceive, because whatever is real for the customer becomes a reality also for the company.

The company has to provide the evidence of respecting certain standards and to let the customer know about this, in order to gain their trust.

In order to measure the service quality, the following index can be used:

$$\text{Service quality} = \text{Perceived performance} / \text{Desired expectations} \times 100$$

In order to achieve customer satisfaction, the first step is to identify their expectations regarding logistics.

Numerous studies have proved that an unhappy customer, due for example to a late delivery, will be forever lost for the company.

Offering a satisfactory customer service package contains the following key elements:

a) Identifying the correct

This first step is trying to identify the causes for the acquisition of the product.

The most important research method used to obtain valuable information regarding logistics is the interview.

Developing a customer service strategy contains: clarifying the companies objectives, the necessary information that have to be obtain from the customers, establishing the necessary resources in order to execute such a study, defying the target segment of customers that the best sample is decided, identifying the key clients that will participate on the study, preparing the questions, establishing the size of the sample, developing the study, writing the research report.

Depending on the research objective, different research methods are used.

Of course that a denunciation from a customer, will be monitories threw a direct approach, not by asking the complainer to fulfill a questioner.

Table 1: Advantages and disadvantages of using different research methods

The possible ways to use	Advantage	Disadvantage
Telephone	- allows interviews to be organized; - control over the answers; - can be done quickly.	- costs involved; - possible non-answers; - restrictive regarding the time; - Not anonymous.
E-mail	- cheap method; - Quick answers.	- limited interaction; - limited answers; - Not anonymous.
Fax	- does not involve a big expense; - immediate answer; - Flexible time for the respondent.	- some of the answer are hard to clarify; - Non-answers are possible.
Mail	- inexpensive; - flexible time for the respondents; - anonymous	- takes time; - limited answers; - Hard to clarify some answers.
Face to face	- a lot of answer are ensured; - control over the questions; - High complexity.	- high costs; - limited sample; - time consumer; - Not anonymous.

Source: Grant D., Lambert D., Stock J, Ellram L. (2006) – *Fundamentals of Logistics Management*, European Edition, McGraw Hill Education, U.K.

2) Establishing the importance of each element of the customer service

The clients are asked to arrange the service elements according to their importance. For instance there are evaluated the following components: the frequency of delivery, trust, product availability, easiness in placing an order, the invoice is rich in information, product safety. The customer is asked to choose an answer based on a scale.

3) Establishing companies competitively regarding the present customer service

After knowing which elements are the most important for their customer, the company will measure the satisfaction degree for each component, based on a new questionnaire.

The company will measure the overall customer satisfaction regarding its products, but also will measure the encountered troubles regarding a specific element.

4) The correct identification of the expected services for each customers segment

In this stage, the company is facing the decision of choosing the right distributor for its products and it has to take into consideration the actions of the main competitors.

5) Developing package of customer service

The company is offering some facilities based on the costs involved by these actions.

6) Developing control procedures

Monitor all the activities; especially regarding standard controls is very important for any company. Also it is necessary to observe the demands dynamic.

5. The efficiency of customer service

Any activity is generating costs and it is necessary that the logistics specialists are maintaining a balance between the services that are offered and the financial effort of the company.

Satisfying the customers translate threw cutting unnecessary costs with replacing the products and others.

There are statistics at company level that are reflecting the total number of orders on a certain period of time, such as days, month and others, the necessary time period for solving those cases, the value of the goods that were delivered in days, weeks, month.

There are a lot of consumers that are considering, obtain as fast of possible the desired product, to be the most important feature of an order.

The companies have established what means „the perfect order” and that between placing it and receiving the product, all the customers’ expectations have to be satisfied. The perfect order has to contain the following elements: delivering of the right quantity, the product has to arrive safely to the customer at the exact time, the document to be fulfilled properly and others. The companies can set as goal that 98% of the orders to be perfect and then calculate as a percentage how many of the total orders were perfect.

A company that is an example of being always awake when it comes to delivering customers satisfaction is Sleepy Company. It was founded in 1957 and produces mattresses, pillows, bedding and bedroom furniture, delivering it all over the United States.

They had complains about the distribution of their products from their customers, especially due to late deliveries. The company was using

independent contractors that picked up the products from the company's distribution center, a situation that created tensions.

In 2009, the company has decided to bring in a technology expert in logistics, Descartes Route Planner and Reservations, that made it expend very fast to over 1000 retail centers in 17 states and 7 distribution centers, from which over 3000 deliveries are made every day. Descartes Route Planner and Reservations controls design activities, planning, execution, performance analysis, automatic vehicles, system of following the delivery stage and others.

Also the managers have created a code that is including the company's objective to sell professional products at the right price, to ensure the most convenient delivery, also, reliable services in order that „100% of the customers to be 100% satisfied”, according to Donald Rowley, chief information officer at Sleepy's.

A situation presented on 24th November 2015 specified the fact that the number of mattress deliveries is over 10.000 per week, accentuating the fact that an order made 10 minutes before closing one day will be delivered the next day. Also, the customer service can be called in order to modify the elements of a delivery even if the product is already on the way to the customer.

6. Conclusions

The logistics success can make a client happy or it can determine him to give up on another companies services.

Some tendencies can be noticed regarding the customer service activity:

- 1) The consumers have high expectations;
- 2) The rising degree of sellers professionalism (offering assistance and after-sale services);
- 3) The quality of customer service can become a competitive advantage for the company;
- 4) The loyalty towards a certain brand is diminishing; the clients are migrating to the companies that are making their product available as soon as possible and offer the best conditions;
- 5) The relationship marketing is developing (the highest degree of satisfying the customer is when he becomes an advocate of the brand).

In the present business environment, the customer service is essential for any company that wants to be successful.

7. References

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