

Applying Quadrant Analysis in Identifying Business-to-Business Customer-Driven Improvement Opportunities in Third Party Logistics Industry

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Abstract : Many challenges are facing third-party logistics (3PL) providers in the domestic and global markets which create a volatile decision making environment. All these challenges such as managing changes in consumer behaviour, demanding expectations from customers and time compressions have turned into complex problems for 3PL providers. Since the movement towards increased outsourcing outpaces movement towards insourcing, the need to achieve a competitive advantage over competitors in 3PL market increases. This trend continues to grow over the years and as a result, areas of strengths and improvements are highlighted through the analysis of the LSQ factors that lead to B2B customers' satisfaction which become a priority for 3PL companies. Consequently, 3PL companies are increasingly focusing on the most important issues from the perspective of their customers and relying more on this value of information in making their managerial decisions. Therefore, this study is concerned with providing guidance for improving logistics service quality (LSQ) levels in the context of 3PL industry in Jordan. The study focused on the most important factors in LSQ and used a managerial tool that guides 3PL companies in making LSQ improvements based on a quadrant analysis of two main dimensions: LSQ declared importance and LSQ inferred importance. Although, a considerable amount of research has been conducted to investigate the relationship between logistics service quality (LSQ) and customer satisfaction, there remains a lack of developing managerial tools to aid in the process of LSQ improvement decision-making. Moreover, the main advantage for the companies to use 3PL service providers as a trend is due to the realised percentage of cost reduction on the total cost of logistics operations and the incremental improvement in customer service. In this regard, having a managerial tool that help 3PL service providers in managing the LSQ factors portfolio effectively and efficiently would be a great investment for service providers. One way of suggesting LSQ improvement actions for 3PL service providers is via the adoption of analysis tools that perform attribute categorisation such as Importance-Performance matrix. In mind of the above, it can be stated that the use of quadrant analysis will provide a valuable opportunity for 3PL service providers to identify improvement opportunities as customer service attributes or factors importance are identified in two different techniques that complete each other. Moreover, the data were collected through conducting a survey and 293 questionnaires were returned from business-to-business (B2B) customers of 3PL companies in Jordan. The results showed that the LSQ factors vary in their importance and 3PL companies should focus on some LSQ factors more than other factors. Moreover, ordering procedures, timeliness/responsiveness LSQ factors considered being crucial in 3PL businesses and therefore they need to have more focus and development by 3PL service providers in the Jordanian market.

Keywords : logistics service quality, managerial decisions, quadrant analysis, third party logistics service provider

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