



# A STUDY ON SATISFACTION OF BUSINESS OWNERS WITH RESPECT TO LOGISTICS SERVICES

“Amateurs talk strategy. Professionals talk logistics”

**Dr. Mobi Rajendran**

**Assistant Professor, Department of Commerce**

**Bishop Appasamy College of Arts and Science, Coimbatore**

## Introduction

Indian textile and garment industry has its significance not only in the Indian market but it has its recognized presence and high stature in the global market also and it is one of the leading textile and garment industries in the world. The structure of the Indian textile and garment industry is full of variability having the players at every level of their supply chain with lot of structural, operational and performance differences. The industry consists of many organized entities which are highly structured, capital intensive and having most of the brand value in the market as well as the small scale, non-integrated spinning, weaving, finishing, and apparel-making enterprises and handicrafts dominated by the handlooms and power looms. The Indian garment industry is among the top industries of the sector in the global market, its structure in the Indian conditions is full of diversities and it faces many infrastructural issues and differing structures of players involved at every level. In short the service providers are classified as 1PL, 2PL, 3PL and 4PL which are coordinated for supply Chain activities. The 1PL service provider are termed as Cargo owners and provide manufacturing and retailing services, 2PL Services, 2PL Service providers act as carriers by offering transportation services, the 3PL service providers act as logistics service providers by providing logistics services. The 4PL service providers account for lead logistics service providers and consultants involving supply chain activities. [(Papadoppulo and Mibeth 1998 & Transportation Insight (2014)].The decision criterion of 3PL services are classified in to two viz., the Pre - purchase and Post purchase. The pre-purchasing activity involves (What to be sourced, covering up a decision, wish to consider alternative and

selecting the best alternatives). The post services include the decision agenda is to implement or evaluate. After a vest discussion the best service provider is selected. (Robins and Timothy (2007)

### **Need for the study**

Logistics activities cover the entire supply chain so they become important in improving supply chain's overall performance. The target of logistics process is to merge and organize all activities involved in acquiring, converting and distributing goods from raw materials to finished goods to the customers in order to achieve customer service objectives in an efficient cost effective manner. The logistics services providers can also enhance the supply chain activity through the introduction and induction of cross docking facilities. New facilities not only have the potential to eradicate useless and unnecessary stock of inventories but can also boost the customer service quality through distribution network redesigning.

Every company within the supply chain conducts their business activities in their own way. So the sharing of sensitive information between the supply chain partners, and monitoring of activities other than the companies own shareholders and stakeholders are act as hinders in the whole process.

### **Research Design and Methodology**

#### **Objective of the study**

Present study is carried out with an objective: "To discriminate the level of satisfaction derived by the business owners with respect to logistics service utilised."

#### **Research Methodology**

Research Design - Analytical and diagnostic type of research

Sample Size – 316 respondents

Sampling Technique - Random sampling technique.

Statistical Tools Applied – Average Rank Analysis

### **Tools of data collection**

The required data used in the study are compiled from the responses collected through questionnaires and various published and unpublished resources.

### Review of Literature

S.No	Author	Objective	Findings
1	Ansari and Modaeress(2010)	Analysing the challenges faced by the logistics service providers.	The manufacturers appoint logistics service providers not only for cost cut but also for cargo safety and security.
2	Hsiao(2010)	Effective usage of 3PL service providers.	The third party logistics service provider can achieve better handling of truck loads and counter balancing.
3	Jayaram and Tan (2010)	The impact created by 3PL.	The operating performance of third party logistics lies with managing relationship with customers, sharing appropriate communication performing with competence and encouraging, human resources.
4	Langhsen and Thompson(2011)	What are the reasons for outsourcing?	The Logistics service providers are chosen for their operating suppleness, quality and cost.
5	Langley, Allen and Dale(2012)	Classifying the various services provided by the logistics service providers.	The author has found that the services are classified in the forms of core, value added, support and services.

### Analysis:

#### Average Rank Analysis:

The average rank analysis is usually employed to identify the priority of the respondents on various issues selected for the study. In this study also, the average rank analysis was employed to identify the priority of the different category of respondents on the various aspects relating to level of satisfaction on third party logistics. Based on the consolidated opinion of the respondents, the average rank was calculated, and the final rank is affixed using the criterion “Lesser than average rank, more is the priority”. The results of all the analysis are presented for each objective separately.

In this section, the Average Rank analysis is performed to identify the priority of the different category of respondents on the level of satisfaction on third party logistics.

Level of satisfaction on third party logistics

Short description of variables	VARIABLES	Short description of variables	VARIABLES
R1	Price	R11	Packaging
R2	Effective service	R12	Labeling
R3	Timely response	R13	Bar code labeling
R4	Trust & time	R14	Product assembly
R5	Communication	R15	Quality control
R6	Information sharing	R16	Customised services
R7	Transportation safety	R17	Value added service
R8	Delivery time	R18	Ability to understand
R9	Absolute competitiveness	R19	Dedicated capacity
R10	Delivery frequency	R20	Reliability

Average Rank – Business profile and the level of satisfaction on third party logistics

Factors		R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	R15	R16	R17	R18	R19	R20		
		0	1	2	3	4	5	6	7	8	9	0	1	2	3	4	5	6	7	8	9		
Nature of concern	Sole proprietors hip	AR	4.00	3.94	3.94	4.21	4.10	4.15	4.16	4.36	4.26	4.16	3.94	4.10	4.21	4.21	4.21	4.47	4.15	4.10	4.36	4.47	
		FR	4	1	1	12	5	8	10	18	16	10	1	5	12	12	12	19	8	5	17	19	
	Firm	AR	4.06	3.99	3.99	4.33	4.03	4.08	4.04	4.14	4.26	4.02	4.19	4.02	4.06	4.05	4.14	4.21	4.26	4.22	4.27	4.35	
		FR	8	1	1	19	5	10	6	11	15	3	13	3	8	7	11	14	15	17	18	20	
	Company	AR	4.28	4.12	4.12	4.25	3.85	4.00	3.89	3.99	4.15	4.10	4.03	3.96	4.33	4.25	4.40	4.24	4.28	4.26	4.29	4.41	
		FR	15	8	8	12	1	5	2	4	10	7	6	3	18	12	19	11	15	14	17	20	
	Buying house	AR	4.14	4.26	4.26	4.53	4.24	4.29	4.29	4.56	4.47	4.21	4.23	4.23	4.29	4.15	4.41	4.41	4.44	4.32	4.35	4.35	
		FR	1	7	7	20	6	9	9	17	18	3	4	4	9	2	15	15	19	12	13	13	
	Nature of exporter	Merchant exporter	AR	4.14	3.98	4.03	4.26	3.95	4.11	4.02	4.07	4.20	4.07	4.10	3.93	4.12	4.06	4.27	4.26	4.23	4.18	4.25	4.34
			FR	12	3	5	17	2	10	4	6	14	8	9	1	11	7	19	17	15	13	16	20
		Manufacturing exporter	AR	3.99	4.14	4.14	4.36	4.02	4.05	4.01	4.19	4.27	4.09	4.13	4.10	4.27	4.22	4.28	4.26	4.32	4.29	4.36	4.41
			FR	1	9	6	19	3	4	2	10	13	5	8	6	13	11	15	12	17	16	17	20
Less than a year		AR	4.27	4.25	4.31	4.25	3.94	4.22	4.05	4.13	4.52	4.19	4.11	3.94	4.30	4.19	4.22	4.16	4.33	3.88	4.44	4.50	
		FR	14	12	17	12	2	10	4	6	20	8	5	2	15	8	10	7	15	1	18	19	
Years of operation	1 – 5 years	AR	4.04	4.08	4.01	4.27	3.94	4.03	3.95	4.06	4.22	4.01	4.00	3.96	4.15	4.07	4.23	4.23	4.22	4.19	4.17	4.29	
		FR	8	11	5	19	1	7	2	9	15	5	4	3	12	10	17	17	16	14	13	20	
	6 – 10	AR	4.13	3.95	4.04	4.27	3.94	4.03	4.06	4.19	4.01	4.01	4.00	4.15	4.15	4.23	4.23	4.33	4.28	4.36	4.39		

	years			1	8	9	6	6	4		9	4	5	9	5	8	7	1	3	0			
	FR	8	1	3	16	2	5	5	9	12	7	8	4	12	11	16	15	19	14	18	20		
	More than 10 years	AR	4.43	4.35	4.20	4.57	4.12	4.10	4.32	4.22	4.12	4.30	4.12	4.27	4.27	4.43	4.35	4.27	4.28	4.40	4.48		
	FR	17	14	6	20	3	2	1	13	7	3	12	3	8	8	17	14	8	11	16	19		
Company turnover	Less than 10 lakhs	AR	4.04	3.82	4.17	4.30	3.95	4.17	4.17	4.30	4.30	4.26	4.08	4.00	4.17	4.08	4.13	4.13	4.08	4.13	4.39	4.52	
		FR	4	1	11	16	2	11	11	16	16	15	5	3	11	5	8	8	5	8	19	20	
	10 – 20 lakhs	AR	4.20	4.13	4.06	4.40	4.00	4.09	4.01	4.10	4.27	4.09	4.15	3.98	4.20	4.11	4.34	4.23	4.28	4.26	4.35	4.47	
		FR	11	9	4	19	2	5	3	7	15	5	10	1	11	8	17	13	16	14	18	20	
	20- 30 lakhs	AR	4.27	4.14	4.07	4.19	3.96	4.07	3.96	4.08	4.19	4.09	4.12	4.12	4.28	4.22	4.22	4.35	4.34	4.31	4.22	4.39	
		FR	15	9	3	10	1	3	1	5	10	6	7	7	16	12	12	19	18	17	12	20	
	More than 30 lakhs	AR	3.94	3.96	4.00	4.37	4.02	4.04	4.05	4.23	4.26	4.00	4.07	3.96	4.10	4.11	4.10	4.11	4.27	4.30	4.17	4.18	
		FR	1	2	4	20	6	7	8	16	17	4	9	2	10	12	10	12	18	19	14	15	
Type of garment produced	Men	AR	4.23	4.21	4.13	4.36	3.98	3.94	4.28	4.38	4.03	4.15	4.01	4.15	4.15	4.13	4.13	4.40	4.26	4.33	4.36		
		FR	13	12	6	16	2	1	2	14	19	5	7	4	7	7	10	10	20	15	16	16	
	Women	AR	4.03	4.01	4.04	4.42	4.22	4.16	4.17	4.26	4.23	4.14	4.11	4.11	4.20	4.22	4.21	4.39	4.35	4.29	4.24	4.32	
		FR	2	1	3	20	10	6	7	14	12	5	4	3	8	10	9	18	17	15	13	16	
	Children	AR	4.16	4.11	4.25	4.38	4.83	4.41	4.08	4.30	4.47	4.33	4.30	4.25	4.25	4.23	4.36	4.16	4.25	4.52	4.50	4.61	
		FR	3	2	6	14	20	15	1	10	16	12	10	5	6	6	12	3	6	18	17	19	
	Multiple	AR	4.20	4.05	4.02	4.21	4.88	3.98	3.93	3.97	4.13	4.00	4.05	3.91	4.21	4.07	4.34	4.23	4.20	4.12	4.24	4.37	
		FR	12	7	6	14	20	4	1	3	11	5	7	1	14	9	18	16	12	10	17	19	
	Type of service provider	1PL	AR	4.08	4.00	3.95	4.08	3.87	3.87	3.91	4.08	4.16	3.95	3.87	3.79	4.12	4.04	4.08	3.87	4.12	4.00	4.12	4.20
			FR	12	9	7	12	2	2	6	12	19	7	2	1	16	11	12	2	16	9	16	20
2PL		AR	4.09	4.19	4.38	4.32	3.93	4.19	3.96	4.25	4.35	4.19	4.09	4.09	4.25	4.22	4.22	4.22	4.45	4.45	4.38	4.41	
		FR	3	6	16	14	1	6	2	9	15	6	3	3	9	12	12	9	19	19	16	18	
3PL		AR	4.21	4.21	4.18	4.45	4.10	4.26	4.14	4.31	4.42	4.21	4.26	4.15	4.22	4.22	4.31	4.40	4.35	4.29	4.26	4.42	
		FR	5	5	4	20	1	8	2	14	18	5	8	3	12	11	14	17	14	12	8	18	
4PL		AR	4.04	3.92	3.94	4.41	4.02	4.02	4.06	4.06	4.14	4.02	4.05	3.84	4.08	4.03	4.23	4.20	4.21	4.10	4.28	4.39	
		FR	8	2	3	20	4	4	10	10	14	4	9	1	12	7	17	15	16	13	18	19	
5PL		AR	4.18	4.18	4.00	4.21	3.90	3.90	3.84	3.96	4.06	4.06	4.09	3.93	4.18	3.96	4.28	4.08	4.21	4.15	4.15	4.25	
		FR	14	14	7	17	2	2	1	5	8	8	10	4	14	5	20	10	17	12	12	19	
6PL		AR	4.40	4.14	4.11	4.28	4.00	4.08	4.00	4.05	4.37	4.05	4.37	4.28	4.31	4.31	4.40	4.40	4.22	4.25	4.28	4.28	
		FR	18	7	6	10	1	5	1	3	16	3	16	10	14	14	18	20	8	9	10	10	
7PL		AR	4.17	3.97	4.02	4.10	3.89	4.07	3.97	4.20	4.17	4.05	4.00	4.17	4.25	4.18	4.33	4.34	4.38	4.51	4.53	4.58	
		FR	9	2	4	8	1	7	2	13	9	6	4	9	14	12	15	16	17	18	19	20	
Type of 3PL	Standard 3 PL	AR	4.19	4.14	4.14	4.33	3.92	4.12	4.20	4.36	4.10	4.26	4.07	4.33	4.19	4.22	4.22	4.40	4.35	4.21	4.21		
		FR	8	6	6	16	1	5	2	10	19	4	13	3	16	8	15	13	20	18	10	10	

Service developer 3PI	AR	4.16	4.09	4.07	4.34	3.96	4.07	4.04	4.16	4.27	4.09	4.15	4.08	4.23	4.19	4.37	4.30	4.34	4.27	4.38	4.46
	FR	9	6	3	16	1	3	2	9	13	6	8	5	12	11	18	15	16	13	19	20
Customer adopter 3 PL	AR	4.12	4.03	4.04	4.22	4.12	4.00	4.00	4.03	4.16	4.09	4.06	3.95	4.16	4.09	4.16	4.22	4.20	4.16	4.17	4.41
	FR	10	4	6	18	10	2	2	4	12	8	7	1	12	8	12	18	17	12	16	20
Customer developer 3 PL	AR	4.11	3.95	4.02	4.33	3.97	4.14	3.97	4.11	4.09	4.00	3.88	3.89	4.00	4.02	4.07	4.16	4.02	4.09	4.23	4.28
	FR	14	3	8	20	4	16	4	14	12	6	1	2	6	8	11	17	8	12	18	19

**AR – Average Rank FR = Final Rank**

### Interpretation:

- Panel 1 explains the level of satisfaction on third party logistics and the nature of concern units have given sole proprietorship (Rank1) for Effective service, timely service and packaging charges followed by (Rank 2) price, and low priority was given for were (Rank19) customized services and reliability followed by (Rank 18) Delivery time. Firm High priority have given by the firm were (Rank1) for Effective service and timely service followed by (Rank 3)delivery frequency, and low priority for (Rank20) reliability followed by (Rank 19) trust and time. Companies have given High priority given by the company were (Rank1) for communication followed by (Rank 2) for transportation safety, and low priority given by the company were (Rank20) reliability followed by (Rank 19) quality control. Buying business have given High priority (Rank1) for price followed by (Rank 2) product assembly, and low priority given by the buying house were (Rank20) for trust and time followed by (Rank 19) value added service.
- Panel 2 explains the level of satisfaction on third party logistics and the nature of exporter merchant exporters have given high priority (Rank1) for labeling followed by (Rank 2) communication and low priority (Rank20) reliability followed by (Rank 19) quality control. High priority (Rank1) for price followed by (Rank 2) transportation safety and low priority (Rank20) reliability followed by (Rank 19) trust and time.
- Panel 3 explains the level of satisfaction on third party logistics and the years of operation units operating less than a year have given high priority by less than a year (Rank1) for ability to understand followed by (Rank 2) labeling and low priority given by years of operation (Rank20) absolute competitiveness followed by (Rank 19) reliability. The units operation for 1-5 years have given High priority (Rank1) for communication followed by (Rank 2) transportation safety and low priority (Rank20) reliability followed by (Rank 19) trust and time. Units operating for 6-10 years. High priority (Rank1) for effective service followed by (Rank 2) communication and low priority (Rank20) for reliability followed by (Rank 19) value added service. The units operating for more than 10 years high priority given by more than 10 years (Rank1) for transportation safety followed by (Rank 2) communication and low priority (Rank20) for trust and time followed by (Rank 19) reliability.
- Panel 4 explains the level of satisfaction on third party logistics and the company turnover high priority has been given (Rank1) for effective service followed by (Rank 2) communication and low priority has



- been given (Rank20) reliability followed by (Rank 19) dedicated capacity by the units earning less than 10 lakhs. The units' earning 10 – 20 lakhs has given high priority for (Rank1) for labeling followed by (Rank 2) communication and low priority given between 10 – 20 lakhs (Rank20) reliability followed by (Rank 19) trust and time. high earning given between 20 – 30 lakhs (Rank1) for communication followed by (Rank 2) transportation safety and low priority given between 20 – 30 lakhs (Rank20) reliability followed by (Rank 19) customized services. Units earning given by more than 30 lakhs has given (Rank1) for price followed by (Rank 2) effective service and low priority (Rank20) trust and time followed by (Rank 19) ability to understand.
- Panel 5 explains the level of satisfaction on third party logistics and the type of garment produced, units involved in the production of men garments have given (Rank1) for information sharing followed by (Rank 2) transportation safety and communication, and low priority given by the men were (Rank20) value added services followed by (Rank 19) absolute competitiveness. Units involved in women garments. High priority was given for (Rank1) for effective service followed by (Rank 2) price, and low priority (Rank20) for trust and time followed by (Rank 19) customized service. Units involved in women garments high priority children was given for (Rank1) for transportation service followed by (Rank 2) effective service and low priority (Rank20) communication followed by (Rank 19) reliability. Units involved high multiple garments have given (Rank1) for transportation safety followed by (Rank 2) effective service and low priority (Rank20) for communication followed by (Rank 19) reliability.
  - Panel 6 explains the level of satisfaction on third party logistics and the type of service provider Units prefer 1PL have given (Rank1) for labeling followed by (Rank 2) communication and information sharing and low priority (Rank20) reliability followed by (Rank 19) for absolute competitiveness. Units preferring have given (Rank1) for communication and low priority (Rank19) value added services and ability to understand. Units preferring 4PL have given (Rank1) for communication and low priority (Rank20) for trust and service. Units preferred have given (Rank1) for labeling and low priority have given (Rank20) trust and service. High priority 5 PL was (Rank1) for transportation safety and low priority given by the 5PL were (Rank20) quality control. Units preferring 6PL have given (Rank1) for communication and transportation safety and low (Rank20) customized service. Units preferring 7 PL have given (Rank1) for communication and low priority (Rank20) for reliability.
  - Panel 7 explains the level of satisfaction on third party logistics and the units prefer standard 3 PL has given (Rank1) for communication followed by (Rank 2) transportation safety and low priority given by the standard for value added service followed by (Rank 19) absolute competitiveness. Units preferring high priority by the service developer has given (Rank1) for communication followed by (Rank 2) transportation safety and low priority given by the service developer 3 PL were (Rank20) reliability followed by (Rank 19) dedicated capacity. High priority by the customer adopter 3 PL were (Rank1) for labeling followed by (Rank 2) information sharing and transportation safety and low priority (Rank20) reliability followed by (Rank 18) trust and time and customized service. High priority by the customer

developer 3 PL was (Rank1) for packaging followed by (Rank 2) labeling and low priority has been given to (Rank20) trust and time followed by (Rank 19) reliability.

### Findings

- The garment units whose nature is sole proprietorship were satisfied with the factors effective timely service, packaging charges, and price low ranks were secured for the factors of customized services, reliability and delivery time.
- The garment units, who have registered them as firm, were satisfied with the factors effective, timely service delivery, frequency and not satisfied with the factors of trust and time.
- The garment units who have registered them as companies were satisfied with the factors of communication, transportation and safety not satisfied with the factors of reliability and quality control.
- Those garment units who have registered as buying houses top ranks were given for the factors of trust and time. Low ranks were sourced by the factors value added service.
- The garment units which were run by merchant exporters have got satisfied with the factors of labeling and communication and not satisfied with the factors of transportation safety and reliability.
- The garment units which are operating for less than a year, have got satisfied for the factors of ability to understand, labeling and were not satisfied with the factors of absolute competitiveness and reliability.
- The garment units which are operating for a period of 1-5 years were satisfied with the factors of transportation safety and reliability, and were not satisfied with the factors of trust and time. The garment units who were operating for 6-10 years were satisfied for the factors of effective service, communication and not satisfied with the factors reliability.
- The garment units which are preferring 2PL services, are satisfied with the factors of communication and were not satisfied with factors of value added services and ability to understand.
- The garment units which are preferring 3PL services, were satisfied with the communication factor, and were not satisfied with the factors of trust and service.
- The garment units which are preferring 4PL services were satisfied with the factors of labeling and were not satisfied with the factors of trust and service.
- The garment units which preferred 5PL services were satisfied with the transportation safety factor and were not satisfied with the quality control.
- The garment units which are preferring 6PL services were satisfied with the factors of communication and transport safety and not satisfied with the customized service factor.
- The garment units which are preferring 7PL services were satisfied with the communication factor and not satisfied with the factor reliability.
- The garment units preferring standard 8PL services are satisfied with the communication factor and were not satisfied with the factor of transportation safety and value added service.



- The garment units preferring service developer 3PL services were satisfied with the competitiveness factor and were not satisfied with reliability.
- The garment units preferring customer adopted 3PL services were satisfied with the packaging, labeling factor and were not satisfied with trust and time.

### Suggestions

- The third party logistics service provider should lay a strong foundation of communication, to learn the expectation of the clients.
- Repeat the question of what is their specific need, so by building relationship the expectation can be learnt and the success metrics can be improved.
- Even if any error occurs during the process, sit and think quickly to get out of the problem using predetermined and relevant ongoing solutions.
- To handle the various expectations, regular meetings can be covered, and working in short and long term plan will bring enormous success and fulfillment.
- The maximum expectations of the client would be improving the on time delivery, reduction in transport cost, inventory levels, increasing the delivery lead time has to be properly met.
- Regarding the specific expectation, the service providers should adopt value of lean principles to tap the idea of success.

### Conclusion

The garment units in Tirupur by and large utilize various 3PL service providers for uplifting their business. These service providers are poised to grow and modify with smart working practices which would satisfy the demand raised. Over the years, these service providers have made the garment units to collaborate, connect and engage with them for business profits. The 3 PL service providers in the coming years will well understand the paradigms of change in the business operation and more enthusiastically to cater the needs of the business clients. If the service provider focus on customer approach, IT systems, strategic core theory then these providers will be the best benchmark in the industry for best supply chain solutions.

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