A Study on Measuring the Services Provided By Un-Organized Logistics Service Providers towards Retail Industries in Trichy

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ABSTRACT

This paper investigates the services provided by un-organized logistics service providers towards retail sectors by scales developed according to RATER framework in Trichy, Tamilnadu, India. This activity is part of service industry, whose main feature is that the origin of a service is caused by consumer demand and its recognition – by customer satisfaction. Un-organized logistics service creates a several impact on retailer's delivery of product to their customers. Logistics service provider`s performance directly and indirectly affect the retailer`s growth and development. Each and every retailer depends on logistics service providers to make order or to delivery of their product to customers. This study also identifies impact of demographic profile over RATER analysis. This study was conducted in trichy and the research design used for this study is descriptive in nature. Primary data is collected in this study through questionnaire among the retailer sectors.

KEY WORDS: Un-organized logistics service, RATER, Services, Retailers, Logistics service providers

INTRODUCTION

Logistics is a backbone for the global supply chains. As competition between organized and un-organized logistics service providers is constantly increasing day by day and their satisfaction with the services received is becoming more and more significant. Retailers have satisfaction with the logistics services when their expectations are confirmed. Otherwise, the Retailers are dissatisfied. The expectations of retailers are based on their experiences with the level of logistics services. The larger the differences between expectations and real performance of logistics services are, the stronger the retailers fulfillment or disappointment is. With the increase of organized logistics service providers, un-organized logistics providers have become an important source for retail sectors. Most of the retail sectors in trichy are choosing the unorganized logistic service providers in order for the delivery of their product or to make order of their products. Their sales depend on daily ordering of products. The RATER framework is designed based on the analysis of retailer satisfaction with the provided logistics services.

CRITERIA FOR EVALUATING SERVICES PROVIDED BY UNORGANIZED LOGISTICS PROVIDER

- Reliability

- Assurance
- Tangibility
- Empathy
- Responsiveness
- Packaging
- Deliver
- Flexibility

REVIEW OF LITERATURE

As Bowersox & Closs (1996) acknowledged that, in recent years the functions of logistics services have expanded from advertising and manufacture to warehousing, shipping activities, purchasing, delivery, inventory management, packaging, and customer services which summarized the logistics services integrated. Apart from the abundant service functions, the relationship between retailers and logistics service providers evolved from tactic solution of cost diminution to strategic agreement (Chapman et al., 2003; Langley et al., 2005).

According to Grönroos (2000), the competition nowadays is focused more on the basis of services not on the basis of physical products. As the cost and efficiency of logistics services grow to have greater impact on economic activities, outsourcing the services to another independent company becomes a popular choice.

Makukha and Gray (2004) communicate that Logistic Service Providers claims that they are the strategic partners but they are unable to provide the service required.

According to Gustafsson (2003), different concepts have influenced the measurement and modeling of logistics service, however two approaches can be identified. The first is the physical distribution approach, which concepts the logistics service as occurring, where the orders' supply, delivery and information systems form an interface with the customers. The second is the marketing approach, which integrates the physical distribution service with a range of logistics services related to marketing.

According to CSCMP, Logistics management activities typically comprise. "Inbound and out bound transportation management, fleet management, warehousing, material handling, order fulfillment, logistics network design, inventory management, supply/demand planning and management of third party logistics service providers."

CHARACTERISTICS OF THE CRITERIA FOR MEASURING SERVICES PROVIDED BY UNORGANIZED LOGISTICS PROVIDER

- **Reliability –** Delivering the product without delay, fast delivery, urgent and special service, absence of damage.
- **Assurance –** Delivery of product safely, scheduling, knowledgeable Transporters, Proper Condition of products after unloading.
- **Tangibility –** Tracking, order details, information about the order status, advance warning about the delays.

- **Empathy –** Satisfying specific need, giving individual attention.
- **Responsiveness –** Taking action when complain, prompt service, proper system of handling customer complaints
- **Satisfaction With Consignments Billing** – Invoicing, just in time, correctness and accuracy of the data, cash on delivery options, transport charges payments choice, etc.
- **Delivery –** Door to door service, verification of product after delivery.
- **Flexibility –** Cost, returns accepted.

OBJECTIVE OF THE STUDY

- To measure the services provided by un-organized logistics service provider by using RATER analysis toward retail sectors in trichy.
- To improve the services offered by unorganized logistics service provider.
- To identify the impact of demographic profile over packaging and flexibility.

RESEARCH METHODOLOGY

This study covers the retail sectors of Electricals and Hardware, Supermarkets, Departmental stores, Clothing, Paint, Convenience store, Pumps, Foods and Hypermarkets located in Trichy, Tamilnadu, India. This study purely based on primary data. It is collected through structured questionnaire. The total population is 71 retail sectors and descriptive research is used for collecting data.

RESEARCH DESIGN

Research design is a plan to answer whom, where and how the subject under investigation conceived so as to obtain answers to research questions. The type of research design involved in this study is descriptive research studies.

Descriptive research is carried out with objective and the research problem is analyzed by the way of collecting data through questionnaire.

The scaling technique of the questionnaire is Likert five point scale. It is rated by the respondents on a 5- point Likert scale of "1=strongly agree" to "5=strongly disagree".

SAMPLING TECHNIQUE

In this study 71 samples are taken. Stratified random sampling method is used for collecting data. Since, most of the retail sectors are located inside the city and I have separated area wise in order to collect data from retailers. Both open ended and closed ended questions were used in the questionnaire. The information gathered is analyzed and test between the demographic profile and RATER by using Anova and percentage analysis and Chi-square test.

LIMITATION OF THE STUDY

The major limitations of the study are as follows:

- Finding of the study was based upon limited respondents

- Some respondents were not willing to share their views and did not give any proper information.

DATA ANALYSIS AND INTERPRETATION

This study explore with data analysis using simple percentage analysis in order to find out which retail sectors are using unorganized logistics service provider the most.

Retailformat

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Electronic	7	9.9	9.9	9.9
	supermarket	11	15.5	15.5	25.4
	Department stores	5	7.0	7.0	32.4
	clothing	22	31.0	31.0	63.4
	paint dealers	1	1.4	1.4	64.8
	Convinience store	2	2.8	2.8	67.6
	Pumps	7	9.9	9.9	77.5
	Foods	13	18.3	18.3	95.8
	Hypermarket	3	4.2	4.2	100.0
	Total	71	100.0	100.0	

From this tabulation, clothing retail sector tops the chart with 31% percentage using unorganized logistics service provider in order to deliver the product to their customers.

HYPOTHESIS TESTING

Null hypothesis: There is no association between demographics and most factors.

Alternative Hypothesis: There is association between demographics and most factors.

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Productwithoutdelay	Between Groups	.403	3	.134	.400	.754
	Within Groups	22.182	66	.336		
	Total	22.586	69			
Deliverfast	Between Groups	6.167	3	2.056	1.527	.219
	Within Groups	64.602	48	1.346		

	Total	70.769	51			
Specialservice	Between Groups	.563	3	.188	.202	.895
	Within Groups	61.280	66	.928		
	Total	61.843	69			
Absenceofdamage	Between Groups	1.108	3	.369	.715	.547
	Within Groups	34.638	67	.517		
	Total	35.746	70			
Deliversafely	Between Groups	1.068	3	.356	1.547	.210
	Within Groups	15.411	67	.230		
	Total	16.479	70			
Scheduling	Between Groups	.879	2	.440	.197	.822
	Within Groups	113.935	51	2.234		
	Total	114.815	53			
Transporters	Between Groups	.366	3	.122	.314	.815
	Within Groups	26.000	67	.388		
	Total	26.366	70			
Productinpropercondition	Between Groups	.615	3	.205	.810	.493
	Within Groups	16.962	67	.253		
	Total	17.577	70			
Tracking	Between Groups	2.913	3	.971	.615	.608
	Within Groups	104.230	66	1.579		
	Total	107.143	69			
OrderthroughSMS	Between Groups	.599	3	.200	.608	.612
	Within Groups	22.020	67	.329		
	Total	22.620	70			
Orderstatus	Between Groups	.557	3	.186	.564	.641
	Within Groups	21.385	65	.329		
	Total	21.942	68			
Advancewarning	Between Groups	6.734	3	2.245	3.120	.032
	Within Groups	48.196	67	.719		
	Total	54.930	70			
Myneeds	Between Groups	4.864	3	.621	.675	.054
	Within Groups	40.008	66	.606		
	Total	44.871	69			
Invoice	Between Groups	.183	3	.061	.053	.439
	Within Groups	4.465	67	.067		
	Total	4.648	70			
Specificneeds	Between Groups	3.215	3	1.072	.740	.533

	Within Groups	69.478	48	1.447		
	Total	72.692	51			
Individualattention	Between Groups	21.575	3	.192	.041	.000
	Within Groups	55.034	60	.217		
	Total	76.609	63			
Takeactionimmediate	Between Groups	.615	3	.205	.810	.493
	Within Groups	16.962	67	.253		
	Total	17.577	70			
Promptservice	Between Groups	.170	3	.057	.286	.835
	Within Groups	13.267	67	.198		
	Total	13.437	70			
HandlingCC	Between Groups	9.929	3	.310	.256	.132
	Within Groups	88.000	52	.692		
	Total	97.929	55			
Nevertoobusy	Between Groups	1.473	3	.491	.289	.403
	Within Groups	33.259	67	.496		
	Total	34.732	70			
Doortodoor	Between Groups	10.938	3	1.646	.564	.062
	Within Groups	95.259	67	1.422		
	Total	106.197	70			
Verifyproducts	Between Groups	6.593	3	2.198	1.031	.118
	Within Groups	72.505	67	1.082		
	Total	79.099	70			

Here for reliability, assurance and tangibility calculated value is greater than tabulated value. Hence hypothesis is rejected for these 3 factors. The analysis showed that maximum number of retails expressed the disagree opinion for factors such as urgent and special services, scheduling done by unorganized logistics and tracking. Hence it is concluded that there should be an improvement in the service and retails are not satisfied with such factors.

CHI-SQUARE TEST

HYPOTHESIS 1: (Retail format and packing their product on their own)

Null hypothesis: There is no association between demographics and packaging.

Alternative Hypothesis: There is association between demographics and packaging.

Count

		Packyourproduct				Total
		Strongly agree	agree	Disagree	Strongly disagree	
Retailformat	Electronic	1	1	4	1	7
	supermarket	0	2	3	6	11
	Department stores	0	0	2	3	5
	clothing	0	1	12	8	21
	paint dealers	1	0	0	0	1
	Convinience store	0	0	0	2	2
	Pumps	5	1	1	0	7
	Foods	2	1	5	5	13
	Hypermarket	0	0	1	2	3
Total		9	6	28	27	70

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	46.040[a]	24	.004
Likelihood Ratio	42.733	24	.011
Linear-by-Linear Association	1.871	1	.171
N of Valid Cases	70		

a. 32 cells (88.9%) have expected count less than 5. The minimum
expected count is .09.

Hence from the above test, it is concluded that Null hypothesis is rejected due to the higher calculated value. Hence there is an association between retail format and packaging of their products on their own.

CONCLUSION

Implementation of advanced approaches for measuring and evaluating the quality is one of the most important steps for the logistics service provider. Most of the retail sectors are depending on unorganized logistics service providers in Trichy, Tamilnadu because they will deliver the product or order to semi-rural and semi-urban areas. The business success of the logistics service providers depends on the application of this RATER analysis.

Therefore, the selection of the suitable quality management for examining and measuring the provided services from top to bottom is necessary. Applying this analysis, Un-organized Logistics service providers can achieve the sustainable development and efficiency and can increase their services in order to improve the retailer's satisfaction and trust. If unorganized logistics service providers improve their technology and some more special, it will make them more profitable.

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