

## Analysis of Customer Perception on the Core Service Quality of Freight Forwarding Business of Kuehne + Nagel Ltd.: Empirical Evidence from Bangladesh

Md. Zahir Uddin Arif\*

Department of Marketing, Faculty of Business Studies, Jagannath University, Dhaka-1100, Bangladesh  
Email Id: mjarif2004@yahoo.com, brfoundation2014@gmail.com

### Abstract

This study analyses the customer perception on the service quality of freight forwarding business of Kuehne + Nagel Ltd. In this study, a cause and effect relationship between service quality and financial performance of a freight forwarding company in the context of Kuehne + Nagel Ltd. has also been identified qualitatively. As a result, for the purpose of the study, customer perception on the service quality factors on a Likert scale and financial aspects of the company have been analyzed. This study is exploratory in nature. To measure qualitatively the core service quality of Kuehne + Nagel Ltd. Bangladesh, this study has collected necessary primary information from the existing customers of Kuehne + Nagel Ltd. Bangladesh. However, secondary information have been collected from the company records, annual reports, balance sheets, and income statements to measure the financial performance and to present a qualitative effect of service quality with the financial performance of Kuehne + Nagel Ltd. The study has found out that considering the two factors- service quality and sales volume, service of Kuehne + Nagel Ltd. has no or little significant relationship with financial performance but the provision of high standards of service quality will lead to improve financial performance. This study will certainly be an encouragement for further studies in such areas of study. In addition, the findings and recommendations will contribute to the organizations involved in freight forwarding business as well as academicians, researchers, practitioners and research students of the globe in their respective field of study.

**Keywords:** Service quality, Financial performance, Freight forwarding business, Sea freight, Air freight, KN Login.

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\*Corresponding Author

## **1. INTRODUCTION**

Since its founding in Bremen, Germany in 1890, by August Kuehne and Friedrich Nagel, Kuehne + Nagel has grown into one of the world's leading logistics providers. In the 1950s, Kuehne + Nagel began its international expansion, establishing a network of company-owned forwarding and logistics offices to meet the increasingly global requirements of its customers.

At present, the Kuehne + Nagel is one of the world's leading logistics solution providers with global network of some 63,000 employees at over 1,000 locations in more than 100 countries. (Kuehne + Nagel Annual Report (2013a). [http://www.kn-portal.com/fileadmin/user\\_upload/documents/about\\_us/Investor\\_Relations/documents/2013/annual\\_report/en/2013/index.html](http://www.kn-portal.com/fileadmin/user_upload/documents/about_us/Investor_Relations/documents/2013/annual_report/en/2013/index.html)). Kuehne + Nagel's key business activities and market position is built on its capabilities as one of the leading global logistics providers.

Kuehne + Nagel Ltd. Bangladesh is an experienced partner for intelligent logistics solutions founded in 1997 ([http://www.kn-portal.com/locations/asia\\_pacific/bangladesh/](http://www.kn-portal.com/locations/asia_pacific/bangladesh/)) under the table leadership of Mr. Rafi Omar, Managing Director. Currently the company is running with more than 100 employees from the country headquarters at Banani area of Dhaka city and with one branch in Chittagong city. Its warehouses are in Gazipur and Utrara areas of Dhaka city, Bangladesh provide customer inbound stocking facilities which other local freight forwarders lack. It has major partnership with Baghera Printshop, one of the world's leading tag and label printing company. Being a global multi-national company, Kuehne + Nagel Ltd. Bangladesh is expanding its activities in a dynamic logistics environment at Dhaka and Chittagong. The company is committed to serving customers, offering highest levels of service in the fields of sea & air freight, contract logistics with strong IT-based supply chain management solutions. Kuehne + Nagel Ltd. Bangladesh is the only provider in Bangladesh that offers a fully bonded quality inspection facility ([http://www.kn-portal.com/locations/asia\\_pacific/bangladesh/](http://www.kn-portal.com/locations/asia_pacific/bangladesh/)). Customers of Kuehne + Nagel are served by Kuehne + Nagel's Global Logistics Network, its extensive offices and distribution facilities, staffed by Kuehne + Nagel logistics experts who speak the local language and understand the local culture. This enables Kuehne + Nagel to consistently deliver high-quality services, worldwide.

## **2. PROBLEM STATEMENT**

In an earlier study conducted by Al Hawari and Ward (2005), service quality has been identified to have a significant importance in the financial performance of a company.

The current study extends the previous study and investigates whether there is any cause and effect relationship between service quality with the financial performance of a freight forwarder in the context of Kuehne + Nagel Ltd. by doing an analysis of service quality and financial performance.

Sea freight and air freight- the two main operational units of Kuehne + Nagel Ltd. are the key components of the financial performance of this company. From these two operational departments Kuehne + Nagel Ltd. Bangladesh mainly generates its profit.

In the general literature, service quality has often been identified as significant predictors of business performance (Duncan and Elliott, 2002; Duncan and Elliott, 2004; Yasin et al., 2004; Wiele et al., 2002; Yeung et al., 2002). Therefore, this study explores how perceived quality of service is

related to company's profitability. It is proposed that customer perceptions on service quality and pricing have a significant impact on the success of Kuehne + Nagel Ltd..

The literature provides an extensive amount of the relationships between service quality and financial performance where face-to-face interaction between customer and employee is the only focus.

Therefore, this study has investigated whether there is any effect of service quality in financial performance of Kuehne + Nagel Ltd. as a concern of the world's leading logistic company.

### **3. SCOPE OF THE STUDY**

This study is significant for the following reasons:

- i) This study has only concentrated on the cause and effect relationship between service quality and financial performance of a company in the context of freight forwarders in a given time period. This study however did not point out to other service oriented industries as their mode of operations might be different.
- ii) The study has been conducted to assist companies engaged in freight forwarding business in order to enhance their understanding of the actual employees' service quality to the response to their working climate. Therefore, it will be easy for the companies to make decision regarding sales and consequently profitability.
- iii) The findings of this research effort have practical implications for service providers (especially freight forwarders) that strive to organize their service offerings in order to accomplish their financial objectives.
- iv) The study will encourage further study and provide useful guidelines for these types of future researches.

### **4. LIMITATIONS OF THE STUDY**

The main constraint of the study is that this study only covers the effect of core service quality in the financial performance of the company. This study does not provide the readers with the financial performance of the company since its inception in Bangladesh.

Every organization has their own secrecy that is not revealed to others. While collecting information, they did not disclose much information for the sake of the confidentiality of the organization.

Another problem is that there is a lot of confusion regarding verification of data, as the company confessed that they at times, if needed, fabricate their financial records to have competitive advantage and to avoid legal and bureaucratic complexities.

### **5. CONCEPTUAL DEFINITIONS**

**Logistics:** Logistics is the art of planning & controlling the movement of goods throughout the complete supply chain, starting from the source of raw materials upto the final destination or to the customer/end user.

**Freight Forwarder:** A freight forwarder is an individual or company that dispatches shipments via asset based carriers and books or otherwise arranges space for those shipments. Common carrier types could include waterborne vessels, airplanes, trucks or railroads.

Freight forwarders typically arrange cargo movement to an international destination.

**Sea Freight:** Sea freight means the movement of goods through ships from one place to another. Kuehne + Nagel Ltd., one of the world's leading sea freight solutions providers, delivers highly flexible services through partnerships with leading carriers, streamlined visibility and monitoring via KN Login and tailor-made rates.

**Full Container Load (FCL):** The ability to move 20ft, 40ft and 40ft HC to and from all the world's major ports in a price competitive, timely and track-able way.

**Less Container Load (LCL):** For those clients with smaller consignments LCL service is offered, which combines speed of movement with competitive pricing to and from all major ports.

**CBM:** CBM is Cubic meter, used as a measurement unit for sea freight shipment. Generally, customers cargo are packed in uniform sized packet (mostly 20\*20\*20 or 30\*60\*30 viz) and then measured into how many CBM it would take to fill in a container.

**Air Freight:** Air freight means movement of goods through aeroplane or airlines company. Kuehne + Nagel Ltd. is one of the world's top 5 global air freight forwarders with a full range of air logistics solutions and streamlined visibility and monitoring via KN Login. The company is the only logistics provider currently Cargo 2000 Phase 2 certified across the worldwide network.

**KN VAST:** KN VAST is a web based software for sales operations in Kuehne + Nagel Ltd. customized and created only for keeping sales records and to manage sales operations.

**KN LOGIN:** KN Login is a web based software for tracking and tracing facility for customers' cargo. Customers can easily check the status and location of their cargo through this portal designed and created only for the customers of Kuehne + Nagle Ltd.

## 6. LITERATURE REVIEW

### 6.1 Service Quality

There are well-established definitions of service quality within the general personal interaction environment (Cronin and Taylor, 1992; Parasuraman et al., 1988), but attention has recently been directed to the e-commerce environment (Santos, 2003).

"Core service" refers to all components of service (Kotler, 1984; Sureshchandar et al., 2002) and the basic products being offered and, as such, explains the "what" of a service (Brogowicz et al., 1990). Core service has features that shape and distinguish service quality from one service provider to another (Rust and Oliver, 1994; Schneider and Bowen, 1995). It is an essential component of core service (Riel et al., 2001), as the product offerings and product information represent a set of elements that can have a positive impact on core service satisfaction levels (Szymanski and Hise, 2000). Product innovation and knowledge development factors also have a significant effect on the success of delivery channels (Hway-Boon and Yu, 2003).

Therefore, customer perceptions of the variety of products/services offered by a company have been considered as another significant factor shaping overall customer perceptions of service quality. This study establishes five factors that influence customer perceptions of core service quality in freight forwarding services: i) individual attention, ii) range of service, iii) promptness of rendering services, iv) IT based solutions and v) customer perception of price.

### 6.2 Financial Performance

Performance is the outcome of all of the organization's operations and strategies (Wheelen and Hunger, 2002). Measuring performance accurately is critical for accounting purposes and remains

a central concern for most organizations. Performance measurement systems provide the foundation to develop strategic plans, assess an organization's completion of objectives, and remunerate managers (Ittner and Larcker, 1998).

Two approaches have been adopted in the literature to measure financial performance and service quality. The first subjectively measures the performance of firms based on their own evaluation and expectation of sales volume or turnover of the company. The second is objectively measures the performance of firm, based on the absolute measure of perceptions of customers on service quality. A combination of the two approaches maximizes the advantages and overcomes the weaknesses associated with using only one.

### **6.3 Relationship between Service Quality and Financial Performance**

Service quality is considered as a critical measure of organizational performance. It remains the most important issue in both the marketing literature generally, and service marketing literature specifically (Jensen and Markland, 1996). The relationship between service quality and financial performance has been extensively investigated theoretically and empirically over the past few years in the traditional banking service context (Bloemer et al., 1998; Cronin and Taylor, 1992; Sureshchandar et al., 2002; Yavas et al., 1997). But there has not been any specific study on the logistic company's context. The literature indicates that profit-oriented service organizations and academic researchers see service quality as a key driver of profit (Mukherjee et al., 2003).

However, few studies have explored the direct positive link between service quality and organizational performance in the traditional service context (Duncan and Elliott, 2002; Yasin et al., 2004). Furthermore, this relationship has not been empirically investigated in the freight forwarding context. The viability of freight forwarder's service depends upon its profitability and research has linked the success or failure of freight forwarding companies with service quality (Santos, 2003). Since service quality impacts on the attraction of customers (e.g. shippers & buyers) and permits companies to cut costs sharply (Mols, 2000), the quality of the core service facilities contributes to the improvement of profitability (Moutinho and Smith, 2000). Therefore, with respect to the effect of service quality on logistic company's profitability, it can be expected that in logistic company's service context, service quality is positively related to that particular company's financial performance.

## **7. OBJECTIVES OF THE STUDY**

The quality issues of services in the freight forwarding context are becoming more important because of their potential influence on: attractiveness, customer retention, profitability, and maximum competitive advantages. Therefore, the purposes of the study are to identify, analyze and measure qualitatively the customer perception on the service quality factors and the effect of service quality with the financial performance of freight forwarding business of Kuehne + Nagel Ltd.

## **8. METHODOLOGY OF THE STUDY**

### **8.1 Nature of the Study**

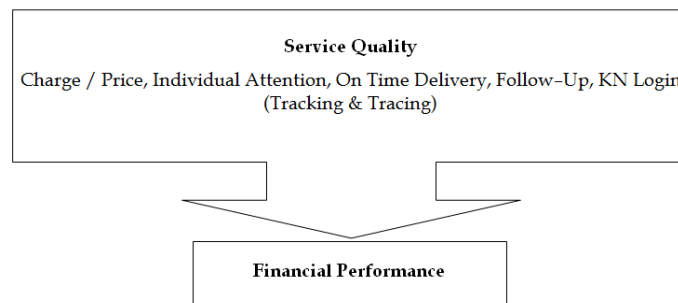
This study is exploratory in nature. In this study, a cause and effect relationship between service quality and financial performance of a freight forwarding company in the context of Kuehne + Nagel Ltd., Bangladesh has been analyzed. As a result, for the purpose of the study, customer

perception on the service quality factors on a Likert scale and financial aspects of freight forwarding business of Kuehne + Nagel Ltd. have been analyzed.

### 8.2 Sources of Data

To measure the core service quality of Kuehne + Nagel Ltd., this study has collected the information from primary sources especially, from the existing customers of Kuehne + Nagel Ltd. Bangladesh. However, to measure the financial performance of this company, secondary sources have been used. Moreover, asset utilization, liabilities, investments in fixed assets and turnover per year from the year 2009 to 2013 have been collected and compiled from the company records, annual report, balance sheets, and income statements to present a clear cut effect of service quality with the financial performance of the company.

### 8.3 Conceptual Framework



The conceptual framework illustrates the name of research variables and relationship within them. The study has investigated the effect of core service qualities with the financial performance of the freight forwarders in the context of Kuehne + Nagel Ltd. Here, financial performance is considered as the dependent variable, whereas service quality is considered as independent variable.

To measure the extent of service quality, 6 core factors of services according to the doctrine of cause-effect relationship have been narrowed down (Kotler, 1984). Those factors or variables are: charge/price, individual attention, on time delivery, follow-up, KN Login (tracking & tracing). On the other hand, the key determinant for financial performance is only profitability. This study aims to show that there is a significant influence of service quality in the profitability of Kuehne + Nagel Ltd.

### 8.4 Sampling Method & Sample Size

There was one type of population for this study which was only the customers of Kuehne + Nagel Ltd.. This has been selected from the view point of the company called as shipper, mainly the export oriented firms of the garments industry of Bangladesh.

In this study, data and information have been collected from the existing customers of Kuehne + Nagel Ltd., Bangladesh as mentioned before. Convenience sampling technique has been used to collect the primary data for this study. A total number of 10 firm customers as sample have been selected as per the convenience of the researcher. Then as respondent 1 key personnel from each



firm customer has been interviewed through semi-structured questionnaire along with the statements using 5 point Likert scale to measure qualitatively the customer perception on the service quality of Kuehne + Nagel Ltd. Such a small sample size has been used because of the time limitation and for the convenience of analysis. The sampling frame of this study was the entry list of customers in the customer care at Banani and Dhaka, Bangladesh. The reason behind choosing such non-probability sampling technique is that if the researcher would have gone for probability sampling for the customers, then a sampling frame would have been needed to collect and from the list, a sample would have been drawn, which might have been larger enough to meet reasonable time and given cost.

### 8.5 Data Collection Process

The present research is an unique one for Kuehne + Nagel Ltd., Bangladesh which tries to establish a cause and effect relationship between core service quality and financial performance of this company. Therefore, the researcher required primary data to investigate and analyze the research question. To collect data from the primary sources, the researcher has thus used survey method using questionnaire. However, secondary sources (e.g.: sales records, balance sheets, income statements from 2009 to 2013) have been used to determine the financial performance of the company.

## 9. DATA ANALYSIS & INTERPRETATIONS

### Analysis of Service Quality (Mean Analysis)

1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
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**Table-1: Customer Response on "Price/Charge"**

Frequency							Sum	Avg
Customer 01	4	4	4	5	2	2	21	3.50
Customer 02	4	4	4	5	2	2	21	3.50
Customer 03	3	3	4	5	2	2	19	3.17
Customer 04	4	4	4	4	2	2	20	3.33
Customer 05	1	1	2	4	1	5	14	2.33
Customer 06	4	4	4	4	2	2	20	3.33
Customer 07	1	1	2	4	1	5	14	2.33
Customer 08	1	1	2	4	1	5	14	3.33
Customer 09	3	4	4	4	2	2	19	3.17
Customer 10	4	4	4	4	2	2	20	3.33
							<b>Mean</b>	<b>3.30</b>

*Source: Field Survey*

The Table-1 shows that the mean value of 10 selected customers' perception on price is 3.30. On Likert scale this value is bit more than the neutral value (3.00). Hence, customers' perception on price/charge is quite complying with the charge of Kuehne + Nagel Ltd., Bangladesh.

**Table-2: Customer Response on “Individual Attention”**

Frequency				Sum	Avg
Customer 01	2	4	4	10	3.33
Customer 02	2	4	4	10	3.33
Customer 03	2	4	4	10	3.33
Customer 04	2	4	4	10	3.33
Customer 05	4	2	2	8	2.67
Customer 06	2	2	2	6	2.00
Customer 07	4	2	2	8	2.67
Customer 08	4	1	2	7	2.33
Customer 09	2	4	4	10	3.33
Customer 10	2	4	4	10	3.33
				<b>Mean</b>	<b>2.96</b>

*Source: Field Survey*

The Table-2 shows that the mean response of 10 selected customers is 2.96. On the Likert scale this value is closer to neutral (3.00) attitude of the customers. In other words, this can be said that customers are neither satisfied nor dissatisfied with the attention that Kuehne + Nagel Ltd., Bangladesh provided.

**Table-3: Customer Response on “Follow-up”**

Frequency					Sum	Avg
Customer 01	5	5	5	4	19	4.75
Customer 02	5	5	5	4	19	4.75
Customer 03	5	5	5	4	19	4.75
Customer 04	5	5	5	4	19	4.75
Customer 05	4	4	4	3	15	3.75
Customer 06	4	4	4	4	16	4.00
Customer 07	4	4	4	2	14	3.50
Customer 08	4	4	4	2	14	3.50
Customer 09	5	5	5	4	19	4.75
Customer 10	5	5	5	4	19	4.75
					<b>Mean</b>	<b>4.32</b>

*Source: Field Survey*

The Table-3 shows that the mean response of 10 selected customers is 4.32. On the Likert scale this value is more than agree (4.00) attitude of the customers. This means that these customers are totally agree with Kuehne + Nagel Ltd., Bangladesh which provides the best follow-up service while freight forwarding.

**Table-4: Customer Response on “On-Time Delivery”**

Frequency			Sum	Avg
Customer 01	4	4	8	4.00
Customer 02	4	4	8	4.00



Customer 03	3	4	7	3.50
Customer 04	3	3	6	3.00
Customer 05	4	4	8	4.00
Customer 06	4	3	7	3.50
Customer 07	4	2	4	4.00
Customer 08	4	2	4	4.00
Customer 09	4	4	8	4.00
Customer 10	4	4	8	4.00
			<b>Mean</b>	<b>3.40</b>

Source: Field Survey

The Table-4 shows that the mean response of 10 selected customers on the captioned table is 3.40. On Likert scale this value is more than the neutral (3.00) and closer to agree (4.00) attitude of the customers. It shows that these customers are quite agree with Kuehne + Nagel Ltd., Bangladesh delivered the cargo on-time.

**Table-5: Customer Response on "Tracking & Tracing"**

Frequency				Sum	Avg
Customer 01	5	5	5	15	5
Customer 02	5	5	5	15	5
Customer 03	4	4	4	12	4
Customer 04	5	5	5	15	5
Customer 05	5	5	5	15	5
Customer 06	4	4	4	12	4
Customer 07	5	5	5	15	5
Customer 08	5	5	5	15	5
Customer 09	4	4	4	12	4
Customer 10	4	4	4	12	4
				<b>Mean</b>	<b>4.6</b>

Source: Field Survey

The Table-5 shows that the mean response of 10 selected customers' on KN Login (Tracking & Tracing) is 4.6. On Likert scale this value is more than the agree (3.00) attitude and closer to the strongly agree (5.00) attitude of the customers. Undoubtedly, KN Login provided the best and easy solutions. These customers would not have been extremely satisfied otherwise.

**Table-6: Summarized Financial Performance of Kuehne + Nagel Group (2009-2013)**

CHF million	2013	2012*	2011*	2010*	2009*
Turnover	20,929	20,753	19,596	20,261	17,406
Gross Profit	6,257	6,094	5,898	5,958	5,863
% of turnover	29.9	29.4	30.1	29.4	33.7
EBITDA	962	855	977	1,003	884
% of gross profit	15.4	14.0	16.6	16.8	15.1

CHF million	2013	2012*	2011*	2010*	2009*
EBIT	761	633	749	764	593
% of gross profit	12.2	10.4	12.7	12.8	10.1
EBT	767	644	765	766	609
% of gross profit	12.3	10.6	13.0	12.9	10.4
Earnings for the year (Kuehne + Nagel share)	597	484	600	600	466
% of gross profit	9.5	7.9	10.2	10.1	7.9
Depreciation, amortization and impairment of intangible assets and goodwill	201	222	228	239	291
% of gross profit	3.2	3.6	3.9	4.0	5.0
Operational cash flow	966	849	978	992	893
% of gross profit	15.4	13.9	16.6	16.6	15.2
Capital expenditures for fixed assets	181	163	207	134	264
% of operational cash flow	18.7	19.2	21.2	13.5	29.6
Total assets	6,374	6,279	6,141	5,941	5,933
Non-current assets	2,133	2,203	2,239	2,058	2,456
Equity	2,558	2,425	2,405	2,378	2,290
% of total assets	40.1	38.6	39.2	40.0	38.6
Total employees at year end	62,744	63,248	63,110	57,536	54,680
Total full-time equivalent (FTE) at year end	72,036	72,399	71,884	66,045	60,538
Personnel expenses	3,735	3,606	3,387	3,392	3,342
% of gross profit	59.7	59.2	57.4	56.9	57.0
Gross profit in CHF 1,000 per FTE	87	84	82	90	97
Personnel expenses in CHF 1,000 per FTE	52	50	47	51	55
<b>Basic earnings per share (nominal CHF 1) in CHF</b>					
Consolidated earnings for the year (Kuehne + Nagel share) <sup>1</sup>	4.98	4.05	5.03	5.05	3.94
Distribution in the following year	3.85 <sup>3</sup>	3.50	3.85	2.75 <sup>2</sup>	2.30
In % of the consolidated net income for the year	77.4	86.6	76.7	54.7	58.6
<b>Development of share price</b>					
SIX Swiss Exchange (high/low in CHF)	122/99	125/95	139/92	137/92	104/53
Average trading volume per day	164,482	160,403	170,427	190,910	295,884

\* Restated due to application of IAS 19R.

- i. Excluding treasury shares.
- ii. Excluding payment of capital contribution reserves.
- iii. Excluding extraordinary dividend.

(Kuehne + Nagel Annual Report, 2013b. [http://www.kn-portal.com/fileadmin/user\\_upload/documents/about\\_us/Investor\\_Relations/documents/2013/annual\\_report/en/2013/kuehne-nagel-group-key-data.html](http://www.kn-portal.com/fileadmin/user_upload/documents/about_us/Investor_Relations/documents/2013/annual_report/en/2013/kuehne-nagel-group-key-data.html))

### **Analysis of Kuehne + Nagel Business Development in 2013**

Kuehne + Nagel has concentrated on improving its proximity to customers, efficiency and profitability against the background of a subdued world economy. The measures initiated to focus on customer groups and growth regions as well as to reduce costs have been systematically implemented throughout the Group, specifically in the second half of the year 2013. This has been reflected in an improvement of 4.6% in the operational result and 9% in the operational EBIT. Another portion of the efficiency enhancement program has been the realignment of the regional structure that has shortened the response time to new market situations and business opportunities, and facilitates faster communication of business decisions. In parallel the company has expanded its industry-specific services. In the sea and air freight businesses, the profitability targets as expressed in the ratio of EBIT to gross profit have been achieved with respective figures of 30% and 25%. In the contract of logistics the EBITDA margin has increased from 3.4% in the previous year to 4.1%. The company has been able to increase EBIT by 50% through the new road transport strategy "Road 2 Profit". However, regional successes have been attained in the Middle East, Africa, North America, South America and Eastern Europe. (Kuehne + Nagel Annual Report, 2013c. [http://www.kn-portal.com/fileadmin/user\\_upload/documents/about\\_us/Investor\\_Relations/documents/2013/annual\\_report/en/2013/report-of-the-br-board-of-directors.html](http://www.kn-portal.com/fileadmin/user_upload/documents/about_us/Investor_Relations/documents/2013/annual_report/en/2013/report-of-the-br-board-of-directors.html)).

### **10. FINDINGS OF THE STUDY**

The following findings are summarized after analyzing the collected data and information for the study:

- i. Customers of Kuehne + Nagel Ltd. tend to be neutral while commenting on the freight and other charge of the company.
- ii. The company has not provided the individual attention as they had promised for individual attention.
- iii. Customers have been fully happy with the follow-up procedure of the company.
- iv. The company in few cases has been unable to meet up the delivery time as promised to the customers.
- v. Customers are extremely happy with the KN Login systems (tracking and tracing facilities).
- vi. Customers have not been happy with the after sales service of the company.
- vii. The company has been able to fulfill the estimated sales target each year.
- viii. The company has always good business in sea freight export department. As freight charge is cheap in sea freight, customers mostly like to dispatch their cargo through ships. There are even some buyers who persist on sea freight shipment if the shipment is FOB type. FOB shipment using air freight results huge expense on freight charge since airlines charges on the basis of weight rather than volume. Though sea freight charge is lesser than air freight charge, Kuehne + Nagel Ltd. every year makes a good chunk of profit out of sea freight export.

It seems quite conflicting for the company that while customers overall perception on service quality has not been promising nevertheless the company has managed a healthy profit in its freight forwarding business in the previous years. Not even that the company has increased the total sales and profit from one year to another year.

While inquiring these contradictions, the study has found a good number of explanations from the managers of Kuehne + Nagel Ltd. against all of these facts listed above. Moreover, personal logical reasoning and observational experience has been used to clear out the discrepancies between the questionable service quality of this company and astounding growth of profit.

#### **11. RECOMMENDATION**

It is apparent that the price/charge, accuracy of delivery, ease of use, timeliness, and follow-up are not the only attributes that influence customer satisfaction. Accordingly, it is necessary for freight forwarders to find the other attributes that customers use to judge service quality.

Ultimately, the main focus of attention for management should be on customer satisfaction. Identification of the various factors is critical to overall customer satisfaction. These factors could include traditional service quality, value, trust, reputation, and image.

Managers need to come up with good solution for freight charge problems. Altercations between management and customers will go on if there is not a better solution is found. What management can do is to show the customers the breakdown of freight charge as in what is being paid for what purpose. Even Kuehne + Nagel Ltd. can show its customers how much they are making through the customers' shipment. This strategy will win customers' trust and make better image in the market or the company can publish a list on which an expected change of freight charge will be listed. Any how, managers should really think about this issue as customers are tenaciously against the freight charge of this company, though the company is making profit every year as the market is huge. But lost customers will not get back and gradually the image of this company will tarnish, which could endanger the existence of the company in near future.

Management should be more keen on complains of customers and there should be a complain box put on each floor so that the management gets to point out the flaws while running the company. A feedback system should also be initiated to get the customers feedback on the service provided.

KN Login and follow up system seemed perfect and the company should add more features in these factors to keep up the pace with other freight forwarding companies.

#### **12. CONCLUSION**

Most of the customers in Bangladesh are always fussy while paying charge for anything. People in the country want to pay less but expect a lot of service offerings. Customers tend to forget that freight business is totally dependent on ships and airlines which are again dependent on oil. In the world where oil price is hiking and so does the fare of transportation, freight charge is obvious to be revised in each of the month. Freight forwarders in reality do not have anything to do with the increased charge for cargo transportation. They become really helpless when a shipping line or airlines company increases the payment for cargo transportation cost as Kuehne + Nagel Ltd., Bangladesh also has to increase their freight charge.

Customers' dissatisfaction on charge/price is conventional. A general customer (shipper) wants to send their cargo at the desired destination with the cheapest freight possible. That is the conflict between shippers with freight forwarder like Kuehne + Nagel Ltd. Bangladesh. Kuehne + Nagel Ltd. being the world's one of the top freight forwarders offer customers a very competitive service. Had not they been offering a high quality services, they would not have stayed in business for the last 10 years in Bangladesh. Moreover, the sales of Kuehne+ Nagel Ltd. Bangladesh have increased astoundingly in every single year. It is not a fluke or by chance. Kuehne + Nagel Ltd. Bangladesh have obviously satisfied its customers by competitive service and surely customers have also got satisfaction from their point of views. Otherwise, sales would not have increased nor would have the profit of this company.

The findings and analysis of the study also indicates that customers are not satisfied with the attention that Kuehne + Nagel Ltd. is providing. But the company claims that they are providing the best possible attention towards their customers. Kuehne + Nagel Ltd. Bangladesh always tries to interact with their customers closely. However, there are some incidents that are beyond anyone's control like the Tornado (Katrina) swapped through the country and other natural calamities. Such situations cause log down of ports, ships don't sail, and planes don't fly. In such situation freight forwarders can't do anything except to delay the shipment into some other best and closest delivery time. This is when customers get dissatisfied and these are the times when customers don't try to understand the reality. Customers think that they have given their cargos to the company like Kuehne + Nagel Ltd. and the company even has promised to delivery the shipment in a scheduled time. Now, by any means their cargos should be delivered before the shipment delivery time of the buyer. Even, without any calamities there are other problems to deal with. Chittagong sea port of Bangladesh is not a deep sea port hence big mother ships can not anchor into the Chittagong sea port. Freight forwarders in the country hence have to transfer the cargo to a deep sea port like Singapore, Malaysia and Srilanka by a small parent ship. Around 7-8 days are required to connect with this mother ship. 1-2 days are required to rearrange the containers and cargos. In this process a lot of time gets wasted and most of the times parent ships fail to connect the mother ship in the aforementioned ports. For this reason sometimes freight forwarders fail to reach the shipment on-time which is not obviously their fault.

The findings and analysis of the study also clearly explains that customers are extremely happy with the other facilities like KN Login and follow-up procedure. This is because Kuehne + Nagel Ltd. uses the state of the art web based tracking and tracing software and keeps customer up to date time to time about the situation of their shipment. Even though customers can check the status of the cargo through internet nonetheless Kuehne + Nagel Ltd. Bangladesh always mails its customer on its own, only to maintain high corporate responsibility and to provide an unique and best service.

In view of the findings, the provision of high standards of service quality will lead to improve financial performance. While this study has found that service of Kuehne + Nagel Ltd. Bangladesh had no or little significant relationship with financial performance, improvement in the quality aspects of this dimension could enhance overall satisfaction and in turn may boost the financial performance of this company. Finally, this research will encourage further study and useful guidelines for these types of researches.

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