

4ème Colloque de Logistique Urbaine

Does B2C online logistics service quality impact urban logistics?

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Université de Nantes, 16 Octobre 2014

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Introduction

- This presentation reports on an in-progress study of the impact of business to consumer (B2C) online logistics service quality (OLSQ) on urban logistics. OLSQ is considered a holistic concept.
- Comparative research approach (UK, France and Germany), in order to investigate country-specific differences of consumer shopping behaviour and channel strategies.
- Stages in the study:
 - 1/ First stage: qualitative, structured in-depth interviews conducted with managers at the producer/retailer interface to confirm domain of constructs and variables.
 - 2/ Second stage: quantitative survey stage targeting consumers/shoppers to determine how their expectations of retail OLSQ and associated activities influence their choice of delivery.
- Originality of our contribution:
 - 1/ Theoretically considering a B2C setting for OLSQ and urban logistics versus B2B approaches dominating academic literature.
 - 2/ Emphasises consequences of B2C OLSQ on downstream or consumer satisfaction and loyalty, rather than considering upstream origins of related problems and solutions.

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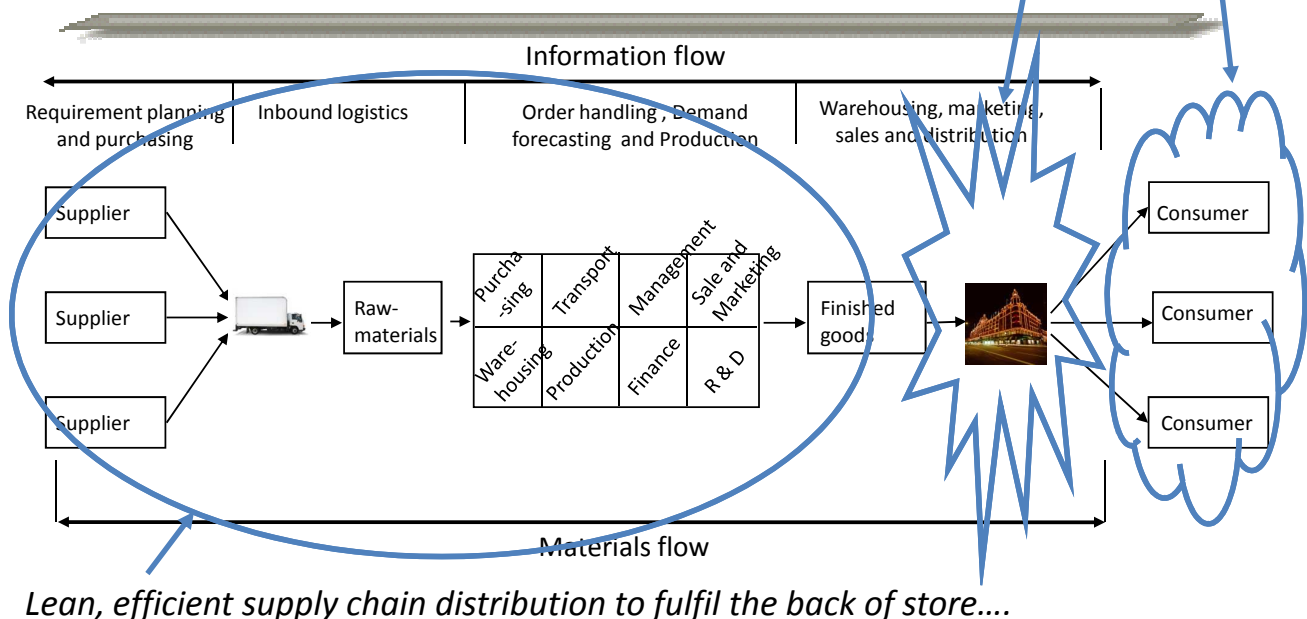
Research motivation

- The double role of the shopper as downstream supply chain member and customer/consumer at the same time, justifies a dedicated conceptualization of OLSQ.
- Consequently, a dedicated OLSQ concept should mobilize both logistics/supply chain management (SCM) and marketing literature streams in an integrated manner.
- Extant academic literature does not propose a holistic concept of OLSQS yet, only specific subsets; e.g. E-PDSQ.
- We focus on the grocery sector, as “shopper logistics tasks and costs are higher compared to shopping endeavours for other product categories” (Teller, Kotzab and Grant, 2012, p. 59).

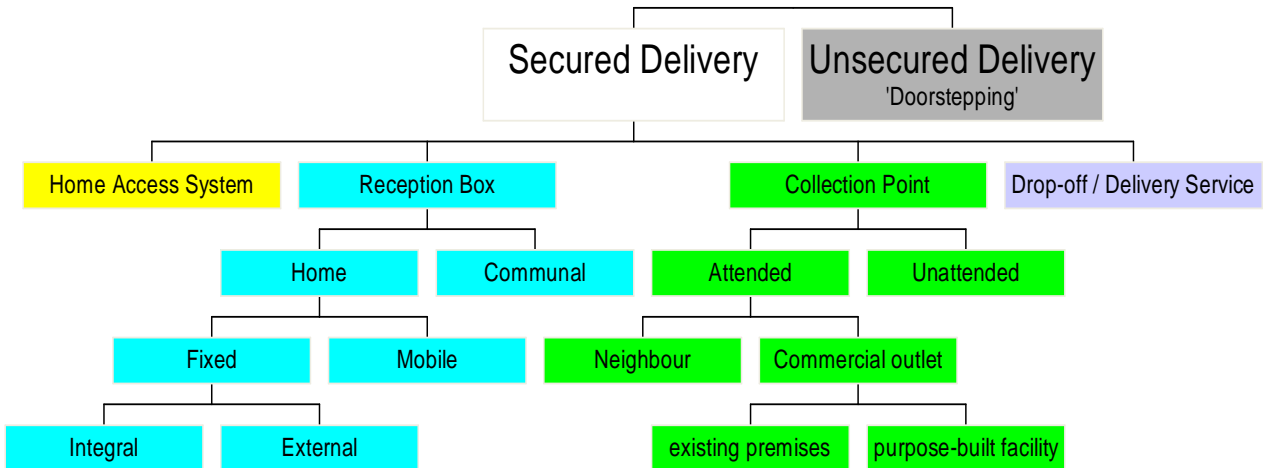
Reasonable online fulfilment...

Chaotic, in-store replenishment...

A strategic disconnect...?



Classification of unattended delivery methods



Fernie, Fernie and McKinnon (2014)

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Options to address unattended deliveries



La Poste boxes in Paris Metro stations



Amazon's drones



ASDA grocery 'click and collect' at London Tube station parking lots

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Prior research on 'shopper' logistics

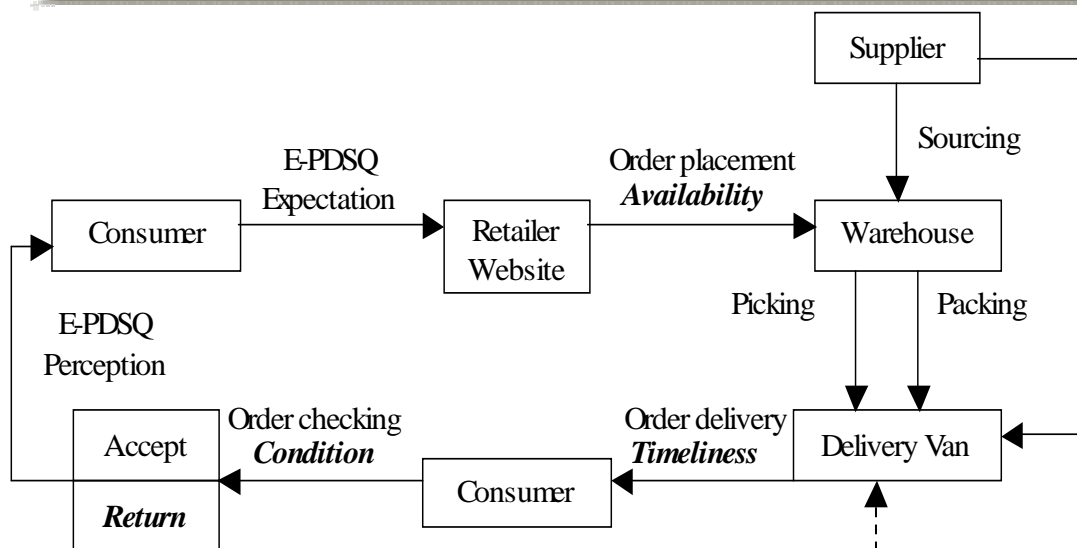
- P1** - *Consumer Awareness of Own Shopping Logistics*: A consumer is aware of his/her own shopping logistics in terms of spatial and time distances, and related costs
- P2** - *Consumer Logistics Willingness to Pay*: A consumer is willing to outsource shopping logistics and pay for this service since he/she is aware of related costs
- P3** - *Consumer Logistics Inconvenience*: A consumer's perceived inconvenience of shopping has a positive influence on the willingness to pay

Findings from two studies:

Consumer Logistics Awareness: Some awareness of some logistics variables
Consumer Logistics Transaction Costs: Respondents had little idea of their logistics costs and were not concerned about them, hence would not pay...!
Convenience : Time and perceived cost important but no behavioural consequences regarding number of store visits or store patronage

Teller, Kotzab and Grant (2006, 2012)

Customers expectations of online fulfilment; more B2B than 'B2C hedonistic behaviour'...?



Xing, Grant, McKinnon and Fernie (2010)

Research gaps

- Scientific research in urban logistics is dominated by systemic approaches in line with, on the one hand regulatory/ecological/sustainable requirements or, on the other hand upstream/professional supply chain members costs and performance considerations (efficiency, effectiveness on economic, social and ecological – or sustainable levels).
- The online shopper is meant to adapt to these systemic, sustainable, company-centric goals and to change their mentalities related to traditional purchase patterns, transport/travel habits and attitudes towards services.
- We take a fresh approach, focusing on the online shopper and relating OLSQ to shopper satisfaction and loyalty. Logistics thus has to be considered as a constitutive element of the online shopping transaction and we argue that OSLQ indeed adds complexity with regards to traditional logistics service quality and fulfilment.

Research objectives

RO1: *Measure the impact of OLSQ perceptions for online shopper satisfaction and loyalty, both on transaction-specific and cumulative levels, by using a holistic concept and measurement scale for OLSQ, developed from logistics/SCM and marketing literature*

RO2: *Compare perceptions of supply chain members (category captains, retail category managers, third-party service providers) and shoppers with regards to OLSQ*

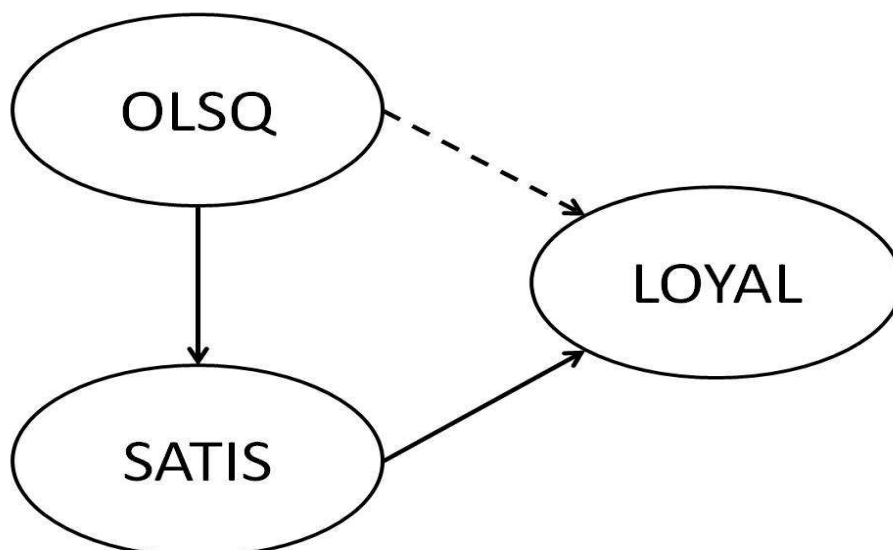
RO3: *Determine any inconsistencies or issues for urban logistics with regards to OLSQ and a consumer-centric approach*

RO4: *Investigate any country-specific differences (UK, France, Germany) of OLSQ perceptions*

Methodology

- *A priori* constructs are OLSQ, satisfaction and loyalty
- 1/ First stage for this study: structured in-depth interviews conducted with managers at the producer/retailer interface (producer category captains and retail category managers)
- 2/ Second stage: manifest variables or items stemming from stage 1 and related latent constructs must be generated and then tested and purified via major empirical research: quantitative survey stage targeting consumers/ shoppers to verify how their expectations of retail grocery OLSQ and related activities relate to their satisfaction and ongoing loyalty
- This two-stage process seems relevant, as major discrepancies or gaps are frequent between shopper/ consumer expectations, on the one hand, and, on the other, executive perceptions of shopper/consumer expectations. Cf. 'gap 1' identified by Parasuraman et al. (1985) within their general service quality model
- This process also reflects a deliberate integrated and holistic supply chain approach

The conceptual model



The OLSQ construct

- The general SERVQUAL scale (Parasuraman et al., 1988) as a useful starting point, although not completely adapted to logistics features
- We apply the 'seven rights' (Mentzer et al., 1999, 2001; Bienstock et al., 2008) of the LSQ concept in order to propose a holistic construct of OLSQ
- Xing et al. (2010) and Saura's et al. (2008) relevant measures of the OLSQ construct: timeliness, condition, availability, accuracy of the order, quality of information, and quality of contact personnel. Timeliness or on time delivery may be the most important one (Rahman, 2006; Mentzer et al., 2001; Bienstock et al., 1997; Novack et al., 1994; La Londe and Zinszer, 1991; Perrault and Russ, 1974)
- Bouzaabia et al. (2013) have derived, from B2B literature, measures for a B2C setting
- We adapt several items from Dabholkar's et al. (1996) contribution in retail service quality scale

The satisfaction construct

- Perceived general service quality has an impact on customer satisfaction (Dabholkar and Overby, 2005), which in turn leads to later behaviours towards the service firm, including loyalty (Andreassen and Lindestad, 1998; Wong and Sohal, 2003)
- OLSQ strives, together with marketing and other business domains, for consumer satisfaction and loyalty, on both transaction-specific and long-run cumulative levels (Zhang et al., 2005), in order to guarantee the firm's competitive advantage (Innis and La Londe, 1994).
- Giese and Cote (2000) define satisfaction as a response that pertains to a particular focus (i.e. purchase experience and/ or the associated product) and occurs at a certain time (i.e. post-purchase, post-consumption)

The loyalty construct

○ Following Wong and Sohal (2003, p. 497) loyalty in retail settings occurs when shoppers or other customers repeatedly purchase a good or service over time and hold favourable attitudes towards a good or service or towards the company supplying the good or service, e.g. the retailer. This proposition should also hold in an online context

Conclusions

○ An empirical study will be undertaken to validate and purify these variables across three European contexts of France, UK and Germany

○ The study should contribute theoretically by considering these important issues in a fresh light, focussing on the consumer's perspective as opposed to usual B2B perspectives, and will also look for differences and similarities among the three primary European markets, which might suggest different approaches despite being in a pan-European trading environment

○ For practitioners, the study should contribute by providing a battery of validated and tested OLSQ variables they can incorporate into their online customer service and urban logistics strategies to generate increased satisfaction and loyalty in a marketplace currently being driven by discount retailers and low prices, and ignoring basic service criteria

○ Finally, from a policy perspective consideration of OLSQ should influence current and future urban logistics/online fulfilment strategies and policies taking into account customer preferences

Thank you for your attention...!

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