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Identifying critical service issues in the service encounter – a first step in the development of a conceptual model for the shipping industry

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Abstract

Title

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Key Words

Service Quality, Service Encounter, SERVQUAL, INDSERV, PDSQ, LSQM, Shipping Industry, Service Science, Service Dominant Logic, Relationship Marketing

Purpose

The purpose of this research is to provide a first step in the development of a conceptual model for service quality in the shipping industry.

Theoretical Perspectives

This study is embedded in the theoretical field of service quality. Due to the lack of applicable models for the shipping industry, the existing literature of service quality for the business-to-consumer as well as business-to-business sector where combined to provide the theoretical framework for this study. Even though other models were analysed and considered in the theoretical background, eventually models like the SERVQUAL model, the INDSERV model, as well as the Physical Distribution Service Quality (PDSQ) model and the Logistics Service Quality (LSQ) model built the guideline for the data collection process.

Methodology

In accordance with the explorative purpose of this research, a qualitative case study, with German freight forwarders as the unit of interest, was set up. The collection of empirical data and their analysis followed the abductive hermeneutic approach.

Empirical Data

The empirical data for this study was derived from eight semi-structured interviews with industry experts, which lasted between twenty minutes and one hour.

Conclusion

The study has shown that critical service issues are depending on the value and the implied requirements of the shipped product. Nevertheless, availability, time and price as well as a flawless and fast service and good contact to contact personnel were identified as critical service issues. In order to provide a first step in the development of a conceptual model for service quality in the shipping industry, the dimensions of responsiveness, reliability/discrepancy handling, flexibility and contact to contact personnel are proposed. Further, the study shows the interconnectivity of these dimensions and proposes enabler dimensions in the form of contact person quality and process quality. By identifying these critical service issues as well as the service dimensions and their interconnectivity, the partial adaptation of established service quality measurement systems is confirmed. However, also their shortcomings are presented and this gap is closed through modification or adaptation of new dimensions.

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Lund, 17 August 2015

A handwritten signature in blue ink that reads "C. Boomgaarden". The signature is written in a cursive style and is positioned above a horizontal line.

Claas Boomgaarden

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1. Introduction

In order to be able to develop service marketing models and service management models one has to have a clear picture of what customers in the marketplace really are looking for and what they are evaluating in the customer relation of service firms. [...] What we need is a model of service quality, i.e., a model which describes how the quality of services is perceived by customers. When we know this, and the components of service quality, we will be able to develop service oriented concepts and models more successfully. (Grönroos, 1984, p. 1)

The list of authors who addressed the issue of Service Quality is very long cf. (Bienstock, Mentzer & Bird, 1997; Durvasula, Lysonski & Mehta, 1999; Durvasula & Mehta, 1998; Gounaris, 2005; Grönroos, 1984; Mentzer, Flint & Hult, 2001; Parasuraman, Berry & Zeithaml, 1991; Zeithaml, Parasuraman & Berry, 1985) Not surprisingly, since research has shown that good service quality results in customer loyalty and repurchases, which is linked to a company's profitability (Durvasula, et al., 1999; Gounaris, 2005). One of the most recognized conceptual models for measuring service quality is the SERVQUAL model. The SERVQUAL model was first established by the authors Zeithaml, Parasuraman and Berry in the year 1985. The study recognized tremendous attention and has been further defined and altered (Zeithaml, et al., 1988; Parasuraman, et al., 1991) Nevertheless, the service science also offers some critiques towards the SERVQUAL model. One of the major claims against the SERVQUAL model is its limited applicability to the business-to-business (B2B) sector (Bienstock, et al., 1997; Durvasula & Mehta, 1998; Gounaris, 2005; Grönroos, 1984; Mentzer, et al., 2001) Some of these authors reject the implementation of the SERVQUAL measures in the B2B segment (Gounaris, 2005) whereas some have altered, or adapted the SERVQUAL model to a B2B segment (Bienstock, et al., 1997; Durvasula, et al., 1999). The overview received from the literature shows that the focus of service quality and its measures has been on the business-to-customer (B2C) perspective, rather than on the B2B sector. More precisely, there has been very little research concerned with the measurement of service quality in the B2B sector and thus, also the shipping industry (Chen, Chang & Lai., 2009; Durvasula, et al., 1999; Durvasula & Mehta, 1998; Jayawardhena, et al., 2007)

The differentiation is insofar of importance, as the B2B sector has significant different characteristic to the B2C sector. Firstly, the B2B setting is typified by a small amount of customers, each contributing significant value to the business (McNamara, 1972), laying further emphasis on the importance of good service quality. Secondly, service encounter occur more often (Hardy, 1978). The recent developments in the information technology have even increased this phenomenon (Hookes & Higgs, 2002). Thirdly, often times in the B2B context, the service encounter is not one satisfaction of an imminent need but

is part of a longer process to build and sustain long-term relationships (Jammerneegg & Kischka, 2005; Miciak & Desmarais, 2001). Moreover, it is assumed that B2B relationships are characterized deeper and closer than the B2C relationships (Durvasula & Mehta, 1998).

1.1 Problem Discussion

Taking the above mentioned characteristics into account, the lack of research in the industrial sector and more precise in the shipping industry comes as a surprise. Despite the changes in the past, the characteristics of the shipping industry remain untouched. In the shipping industry, "...relationships are established on the basis of long-term interactions among customers and service provider" (Durvasula, et al., 2004, p. 89). Moreover, with further regard to the complex structure and the various stakeholders, the shipping industry provides a very interesting framework for the research on B2B service quality.

Currently, the shipping industry undergoes probably the toughest time of their history. The financial crisis in the years 2008/2009 had a tremendous impact on demand for commodities and goods. Consequently, the industry which is responsible for the transport of around 90 percent of the world's cargo (European Commission, 2015), senses drastic changes in the demand for goods and commodities. Due to the crisis, the shipping companies are in need to alter their processes to remain profitable in the future (European Commission, 2015; VDR - Verband Deutscher Reeder, 2014). Some of these changes are implemented in the process of operations, e.g. increasing economy of scale, reducing the fuel consumption through slow steaming and others (Cornett, Wang & Winebreak, 2009; Maersk, 2010). As positive service quality is directly related to a company's profitability (Durvasula, et al., 1999; Gounaris, 2005), the shipping lines are encouraged to provide a positive service quality in order to guarantee customer loyalty and to secure income streams in the future.

Unfortunately, the lack of research in terms of B2B service quality and especially in relation to the shipping industry prohibits the implementation of profound service quality measures. Durvasula and Mehta (1999) claim that in respect of the increased importance of industrial service, its understanding is pivotal. Additionally, they promote further research in order to evaluate service quality measures in a B2B sector. In their research from 2009, Chen et al. (2009) point out that the absence of service quality measures hinder the research on service marketing in the shipping industry. Thus, they demand further research on perceived service quality measures appropriate for the shipping industry (Chen, et al., 2009).

1.2 Purpose of Research

Taking the above mentioned into account, the need for a profound service quality measurement system for the B2B sector of the shipping industry becomes evident. Thus, the purpose of this research

is to close that gap and to provide new insights to develop a preliminary conceptual model for service quality in the shipping industry and to encourage further research in this field.

To be able to monitor, and especially to measure service quality, the researchers Christopher et al. (2012) suggest to identify critical service issues. Critical service issues are the factors that influence the buying decision on the customer's side (Christopher, Payne & Ballantyne, 2002). Moreover, the researchers recommend to evaluate the customer's opinions about individual components of the service encounter. This enables service companies to pin point important service dimensions (Christopher, et al., 2002). While the critical service issues define what influences the buying decisions of the customers, the service dimensions, the individual components of the service encounter, provide a framework of attributes which influence the perception of the critical service issues and hence, provide an understanding of how they can be satisfied (Christopher, et al., 2002). Important to note, the relative importance of each dimension differs from customer to customer and can even change over time with the same customer (Christopher, et al., 2002)

Following the approach suggested by Christopher et al. (2002) this thesis is targeted at the customers of shipping lines, the German freight forwarders and the influencers on their buying decisions – the critical service issues. Moreover, the purpose of this research is to evaluate the freight forwarders' opinions about the individual components of the service encounter in order to establish service quality dimensions. This is done thorough semi-structured in depth interviews, which aligns with the approach used for the development of other service quality models likes SEVRQUAL, PDSQ and others, which will be discussed in chapter two of this report.

The analysis of the existing literature has shown that service quality in the B2B sector (or industrial sector) can be divided into two overarching categories. While Bienstock et al. (1997) argue that the service quality in the B2B physical distribution service is targeted at things and not at people, this research shares the believe proposed by Mentzer (2001), Grönroos (1984), and also Parasuaraman et al. (1991) who reject this separation and include the people factor in the process. Thus, the division into two separate, but not autonomous categories for service quality in the B2B sector is proposed – outcome dimensions and people dimensions. A more detailed analysis of the existing literature as well as an overview of the most relevant models can be found in chapter two.

This research is aimed at this discourse and tries to identify which of the proposed people dimensions of service quality are of relevance to the B2B sector of the shipping industry.

The purpose of gaining new insights and further to find out critical service issues in the service encounter between shipping companies and German freight forwarders subsequently demands the execution of an exploratory study. This is further affirmed by Robson (2002) who argues that an

explorative study is a valuable tool to research aiming at “what is happening; seeking new insights; asking questions and assessing phenomena in a new light” (Robson, 2002, p. 59). Moreover, the nature of an exploratory study allows, or demands the research to be flexible in the direction and to adapt to new findings (Saunders, et al., 2009). Sharing this understanding of a study allows the research to clearly identify critical service issues in the service encounter between shipping companies and freight forwarders and does not limit the study to only accepting or rejecting previously formulated hypotheses, derived from the literature. This way, the developed model can grow beyond the literature and provide understanding of a situation (Saunders, et al., 2009, p. 139).

Taking all this into account the following research questions can be formulated.

1.3 Research Questions

RQ1: What are critical service issues in the service encounter between shipping lines and freight forwarders?

RQ2: Which service quality dimensions of the service encounter apply to the shipping industry?

1.4 Underlying Dominant Logic

This research is embedded in the notion of the rather new Service Dominant Logic. Before, most marketing models aimed at a “goods” centred logic, incorporating tangible resources, integrated value, and transaction (Vargo & Lusch, 2004). Vargo and Lusch (2004) refer to those practices as a Goods-Dominant Logic (G-D Logic). The proposed new dominant logic focuses on intangible resources, the co-creation of value, and relationships (Vargo & Lusch, 2004). The shift of the focus in this dominant logic led to the name Service Dominant Logic (S-D Logic).

According to Vargo and Akaka (2012) the central role of the Service Dominant Logic focuses on the resource integration as the principal tool to connect people and technology. Moreover, the focal points are the social factors that have an impact and are influenced by the service exchange (Vargo & Akaka, 2012). Thus, customers, employees and other stakeholders are included in the exchange and value co-creation process (Vargo & Akaka, 2012) Hence, value is co-created by integrating existing knowledge, the elaboration of new resources (e.g. knowledge) and is dependent on the context, the environment as well the resources of others.

Value cannot be understood as something that can be transferred from one to another. Which is also the challenge for those, who are trying to promote their value propositions (Corvellec & Hultman, 2014). As value is understood differently and uniquely by the beneficiary and is also not homogenous nor transferrable, the metrics of worth are unknown in advance (Corvellec & Hultman, 2014).

This all leads to the understanding that the Service Dominant Logic comprehends services as the utilization of skills for the benefit of others and the fundament of all exchange (Vargo & Akaka, 2012). In the S-D logic, this exchange includes tangible as well as intangible resources, whereas the process of value co-creation is of more significance than the actual output. The process of value co-creation encompasses social and economic actors and understands them as resource integrators (Vargo & Akaka, 2012). Moreover, value is a very conditional construct and is highly subjected to the environment, in which it is applied to (Corvellec & Hultman, 2014) and is inseparable from the service beneficiary, due to its phenomenological nature (Vargo & Akaka, 2012).

2. Theoretical Framework

The following segment covers the theoretical framework in which this study is embedded and further enlightens on previous research in terms of service encounter, service quality and its implication in the B2B sector.

2.1 Relationship Marketing

One of the major objectives in the B2B sector is to develop long lasting, profitable relationships (Gounaris, 2005). Therefore, the evolvement of a “Relationship Marketing” area comes with no surprise. Christopher et al (2002) state, that within the growth of the theory, a mutual understanding of business has been established. This understanding comprises that the overarching term “business” is defined as “to create and sustain mutually beneficial relationships” (Christopher, et al., 2002, p. 1). Further, these relationships are grounded on a two-way stream of value. The creation of value for the customer develops through owning/using/receiving the product/service purchased. Whereas, the company that provides the product/service retrieves value in form of profitability (Christopher, et al., 2002).

The origin of “Relationship Marketing” can be found in the industrial and service marketing research from the 1980’s (Christopher, et al., 2002). One of the pioneers in the field, Levitt (1983), argued that the focus of the providing company has to shift from concentrating on closing the sale to provide excellent customer satisfaction during the whole lifespan of the customer relationship.

Christopher et al. (2002) summarise their view on Relationship Marketing very concise and to the point. They conclude that the developments demand the companies to focus not solely on the value derived from a single transaction but the continuous interaction during the customer lifetime. Moreover, value is produced over time and is prone to deviations in the relationship and the influence by internal and external stakeholders (Christopher, et al., 2002). As the term already states, Relationship Marketing is concerned with the relationships influencing the success of an organisation. For this matter, Christopher et al. (2002) present the “six markets framework”. The model shown in Figure 1 visualizes the integration of key stakeholders or market domains to the traditional marketing approach (Christopher, et al., 2002). The tool assesses the role of an extended set of stakeholders in creating overall organizational value and thus contributes to the organization’s effectiveness (Christopher, et al., 2002).



Figure 1: The Six Markets Framework (Christopher, et al., 2002)

While the customer domain, which is divided into three overarching groups – direct buyers, intermediaries and final consumers (Christopher, et al., 2002), is considered the main stakeholder, five other market domains are considered: Influencing Market, Recruitment Market, Referral Market, Internal Markets, Supplier/Alliance Markets.

For this paper, the researcher is concerned with the Service Encounter Quality. For that matter, the domain of the “Customer Market” is the main subject to the research. Moreover, as an organization’s personnel is vital to the service encounter and the customer experience, the domain of internal markets is also of importance and provides the framework for this study.

2.2 Service Encounter

In 1985, the team around Czepiel et al. (1985) defined the service encounter as the “face-to-face interactions between a buyer and a seller in a service setting” (Czepiel, et al., 1985, p. 100). Even though the concept of co-creation in services is a rather recent notion in the service industry, older studies already recognized that the service encounter is an interaction between a customer and a service provider (Czepiel, et al., 1985; Surprenant & Solomon, 1987). On the basis of these studies, further research has been conducted and the understanding of the service encounter was further developed. In order to align with the current understanding of the service encounter, this research associates with the understanding presented by Sundbo, Sundbo and Henten (2015). The three researchers define the service encounter as follows:

“A service encounter is defined as the meeting between the producers of a service and its users at the different touch points of the marketing, negotiation, delivery, and after-service processes” (Sundbo, et al., 2015, p. 257).

The understanding of a multi-layered process, which is characterized by its dynamic, is also shared by Bitner, Ostrom, and Morgan (2008). The authors state that the service has to be considered as a “chain or constellation of activities that allow the service to function effectively” (Bitner, et al., 2008, p. 68).

Taking this into account, the understanding of the service encounter aligns with the understanding that a service encounter can also occur without a human interaction (Bitner, et al., 1990).

Christopher et al. (2002) argue that the notion of interaction builds the fundamental basis for the service encounter. Interaction is considered as any action that generates a response (Christopher, et al., 2002). The “service encounter” is also often described as “moments of truth” or “critical incidents” between an organization and their customer (Jayawardhena, et al., 2007). This understanding is grounded in the notion of the service dominant logic, considering the customer as a co-producer of value (Christopher, et al., 2002).

However, the operation’s primary functions (its goals and purposes) as well as the intentions of the customers influence the way the employees and customers communicate and behave and thus shape the service encounter (Svingstedt, 2013). Therefore, the service encounter should not be understood as a dyadic process, but as a multifaceted heterogeneous phenomenon, which is dependent on the operation’s service logic (Svingstedt, 2013).

This understanding gains even more significance in the business-to-business segment. Even though Paulin et al. (2000) come to the conclusion that also in a B2B environment, the contact personnel and the interpersonal attributes of a service encounter play a significant role, the individuals involved are likewise part of an organization which have their own goals and purposes. Thus, the service encounter does not solely occur between individuals but also between organisations. Consequently, the individuals involved in the service encounter do not only pursue their own goals and purposes but comply with the goals and purposes of their organization, creating an even bigger multidimensional construct.

Previous scholars have shown the importance of understanding the service encounter and its parties involved. “Every choice regarding the design or organisation structure, managerial systems, individual processes and activities relating to marketing and sales can strongly affect the ability of the company to create superior value” (Guenzi & Troilo, 2007, p. 99). Jayawardhena et al. (2007) further claim that a careful and creative management of the service encounter can enhance the achievement of organisational goals.

As indicated above, the service encounter, especially in the B2B sector is a very multidimensional construct which is influenced by and involves many different factors. Based on the belief that the service encounter can provide a competitive advantage to a company, the interest in this topic has been tremendous (Svingstedt, 2013). Despite the extensive interest in this field, rather general conceptions of the service encounter have been proposed. Through these general conceptions the service encounter is made independent from its operational context, creating a lack of understanding of how an operation’s service logic effects the service encounter (Svingstedt, 2013). Thus, when analysing the service encounter and the service encounter quality, the operational context has to be

taken into account in order to include and understand the influencers of the multidimensional construct service encounter.

2.3 Service Quality

As the initial quote by Grönroos (1984) emphasises, developing conceptual service quality models, i.e. understanding how the service is perceived by the customer, enables the development and successful implementation of service oriented concepts. In order to implement a strong customer focused management approach and to succeed with it, it is pivotal to understand and meet the specific needs of the customer (Durvasula, et al., 1999). Thus, a tool to measure the customer's perception of the service encounter quality is of utmost importance (Parasuraman, et al., 1991). Moreover, service quality acts as an indirect but significant enabler of B2B relationships. (Jayawardhena, et al., 2007; Preng, et al., 2009; Rauyruen & Miller, 2007)

In the middle of the 1980's the authors Zeithaml, Parasuraman and Berry (1985) developed a conceptual model to target the new and almost un-touched field of service quality. The model was developed on the understanding that services are bound to three characteristics – intangibility, heterogeneity and inseparability (Zeithaml, et al., 1985). Their research for a conceptual model that is applicable for service quality revealed ten evaluative dimensions or criteria (Zeithaml, et al., 1985). However, after engagement in further research, the authors assessed and refined their initial model (Parasuraman, et al., 1991; Zeithaml, et al., 1988). The refined model from 1991 is the most renowned conceptual model for measuring service quality up until today and it consists of five dimensions of consumer service quality: Reliability, responsiveness, assurance, empathy, and tangibles (Parasuraman, et al., 1991). Reliability describes the “consistency of performance and dependability” it also means that “the firm honors its promises” (Zeithaml, et al., 1985, p. 47) Responsiveness is concerned with “the willingness or readiness of employees to provide service. It involves timeliness of service” (Zeithaml, et al., 1985, p. 47). Assurance is described as the “knowledge and courtesy of employees and their ability to inspire trust and confidence” (Zeithaml, et al., 1988, p. 23). Empathy is the “caring, individualized attention the firm provides its customers” (Zeithaml, et al., 1988, p. 23). The tangibles are concerned with the “physical facilities, equipment, and appearance of personnel” (Zeithaml, et al., 1988, p. 23).

Even though the SERVQUAL model has been tested and proven to be a useful tool to measure service quality (Wang, Luor & Luarn, 2015), the service science also provides some critiques to its absolute applicability to the business-to-business context cf. (Bienstock, et al., 1997; Chen, et al., 2009; Cronin & Taylor, 1992; Durvasula & Mehta, 1998; Mentzer, et al., 2001; Stanworth, 2012) in which the shipping industry can also be found.

The author Stanworth (2012) states that the SERVQUAL model lacks fundamental validity in the B2B context, while Gounaris (2005) has objections towards the SERVQUAL model, due to its consumer background. The problem with the SERVQUAL model in the business-to-business context is the lack of methodological relevance. As the SERVQUAL model was developed within the consumer market framework, this shortcoming is evident (Gounaris, 2005).

The importance to differentiate between business-to-customer and business-to-business segments becomes evident, looking at the consequences when a service is performed poorly. A very simple example underlines this statement. When a shipment arrives late, the end-user who is in no particular need for a product will solely experience a delay in the service. On the contrary, a business that is reliant on a shipment might face drastic financial impacts through the loss of clients or other factors (Gounaris, 2005). Moreover, the literature points out key differences among these two segments. According to Gounaris (2005), the most renowned are the buying behaviour, the evaluation criteria among various suppliers and the existence of commercial centres. The difference between business-to-business services and business-to-customer services is even bigger. This derives from the intangible nature and the inseparability between production and consumption (Gounaris, 2005). Additionally, when a service is provided to another enterprise, it is delivered through specialists (Gounaris, 2005; Kremer, 2005). Moreover, the sales/purchasing process is a complex and close transaction between managers of both organizations (Hausman, 2003; Lovelock, 2011). This compound structure leads to the fact that selecting the service provider is not a routine task (Jackson, et al., 1995). Furthermore, the service offering becomes a rather unique solution, tailored to meet the specific needs of the singular customer (Gounaris, 2005). Webster (1978) summarizes these differences within two main categories – a different mind-set and culture among buyers on a business-to-business level to convenient consumer buyers (Webster, 1978).

Taking all this into account it becomes evident that the definition of service quality among industrial customers differs from end user customers. Thus, the following presents service quality models which discussed this issue and offer alternatives to the SERVQUAL model.

Among the first to address this issue was Christian Grönroos. Grönroos (1984) suggests two types of service quality for industrial customers – technical and functional quality. The technical quality describes the core operation-related aspects of the service, whereas the functional quality is concerned with the interaction between the individuals from the two organizations involved in the process (Grönroos, 1984).

Halinen (1994) provides another approach in order to define service output quality. While Halinen (1994) also distinguishes between two different notions, the underlying notions, however, are different. The notions are divided into immediate outcome and final outcome. The immediate

outcome defines the success of the organization to satisfy the need of the customer by finding a solution to its problem and the dimension of the final outcome defines the outcome of the service implementation. As previously outlined, also Gounaris (2005) has a critical standpoint towards the full applicability of the SERVQUAL model to the B2B sector. Gounaris (2005) proposes a model name INDSVER and claims that this model provides a better predictive output in the B2B context compared to the SERVQUAL model and thus offsets the shortcomings of the SERVQUAL model (Gounaris, 2005). He investigated the underlying factors that determine service quality perception for industrial customers. The research resulted in four dimensions with four corresponding sub dimensions (Gounaris, 2005):

1. Potential Quality
2. Hard Quality
3. Soft Quality
4. Output Quality

These four dimensions are the fundament for the customer's overall perception of the quality of the service received (Gounaris, 2005). Potential quality relates to a firm's ability to perform the desired service. The potential quality is of great importance in the B2B context as it correlates with the search attributes, the potential customer applies prior to the selection of the service provider (Gounaris, 2005). The hard quality incorporates the customer's assessment of the proposed solutions to satisfy the customer's needs in a satisfactory and timely matter (Gounaris, 2005). The third dimension, the soft quality, covers the analysis of the intangible attributes of the service quality. It deals with the customer's experiences concerning the front line personnel. The empathic skills, openness to new ideas and suggestions as well as the contact personnel's motivation to satisfy the customer's need (Gounaris, 2005). This dimension deserves particular attention as it influences the atmosphere during the encounter and enables the service to fit the customer's demands and needs (Gounaris, 2005). The dimension of output quality regards the actual output of the service delivered. This includes on the one hand the technical process but also on the other hand, the outcome the service provides for the buying company (Gounaris, 2005).

Another approach to measure service quality in the B2B sector was suggested by Bienstock et al. (1997). On the fundament of the limited replicability of the SERVQUAL model to the industrial sector, especially to physical distribution services, the authors developed an instrument to measure the service quality in the physical distribution context, the Physical Distribution Service Quality (PDSQ) model (Bienstock, et al., 1997). The research of Bienestcok et al. (1997) was further encouraged by the evidence of a relationship between PDSQ perceptions and purchasing decision, thus business profitability (Bienstock, et al., 1997). Physical distribution services involve, among other factors, the

transportation of goods, ensuring the time and place utility, delivering the product on time to the desired place (Bienstock, et al., 1997). In their research, Bienstock et al. (1997) claim that using the measurement of service quality in the context of physical distribution is targeted at “things” rather than human interactions. Additionally, the SERVQUAL dimensions are mainly process dimensions of the service quality and thus do not target the content validity of the service quality sufficiently (Bienstock, et al., 1997). Grounded on this, the authors rejected the SERVQUAL model and proposed a new set of measures in order to evaluate the Physical Distribution Service Quality (PDSQ).

The work concludes that timeliness, availability and condition have significant impact on the perception of PDSQ (Bienstock, et al., 1997). Moreover, it draws a correlation between the PDSQ and the global quality perception of the service provider. Thus, it underlines the importance of service quality measures for industrial marketers (Bienstock, et al., 1997).

Even though the researchers illustrate and stress the importance of technical or outcome criteria for PDSQ, they suggest further research in the field of functional and process criteria for service quality in the industrial context, in order to “obtain a more complete representation of industrial purchase decisions” (Bienstock, et al., 1997, p. 11).

The researchers Mentzer, Flint and Hult (2001), recognized the shortcomings of the PDSQ model and built on its basis the Logistic Service Quality Model (LSQ). They claim that logistics also include people, who for example take orders, deliver the products and are involved in the procedures of order handling and discrepancies (Mentzer, et al., 2001). Taking this into account and relating it to existing service quality literature, they claim that these interactions affect the perception of the overall logistics service quality (Mentzer, et al., 2001).

The proposed model of LSQ includes nine dimensions, which are supported by the findings of the PDSQ model (e.g. availability, timeliness, and condition) and enriched with further dimensions such as personnel contact quality, information quality and ordering procedures as well as ordering discrepancy handling (Mentzer, et al., 2001). The personnel contact quality describes the customer orientation of the supplier company. It shows that the customers care about the knowledge over the products or service offerings as well as the empathy and the willingness to help with a problem of the contact personnel (Mentzer, et al., 2001). This dimension is also in line with the findings of Zeithaml et al. (1985), which state that quality perceptions of the service encounters are shaped during the service delivery. Information quality refers to the availability of information about the products/service offerings the customer may choose from. This might be provided by the contact personnel or in written form (Mentzer, et al., 2001). Ordering procedures describe the efficiency and effectiveness of the

procedures to place the orders, enabling an easy to use process (Mentzer, et al., 2001). Moreover, the order discrepancy handling covers the supplier's contact personnel's way of dealing with faulty or incorrect shipments (Mentzer, et al., 2001).

The LSQ model however, also incorporates the limitation that it has been developed and investigated on the basis of one manufacturing company and their customers (Mentzer, et al., 2001). Based on this, the authors claimed that further research is necessary as well as that their findings are tested in different segments (Mentzer, et al., 2001).

Taking all of the above into account affirms the previously discussed statement by Svingstedt (2013) that an overly generalized understanding of the service encounter lacks the recognition of the industrial context and thus does not recognize the influencers of the service encounter and consequently the evaluating parties of service encounter quality.

Hence, it does not come as a surprise that the SERVQUAL model is considered not completely applicable to an industrial sector, like the shipping industry. The SERVQUAL model for example underestimates the "predictive power" of a freight forwarder and does not include important criteria such as demanding flexibility. If this demand cannot be met, the perceived service quality will be lower (Chen, et al., 2009). In addition, the authors Chen, Cheng and Lai (2009) detected an absence of relevant research which examines the complicated relationship between the shipping companies and freight forwarders or the segmentation of managerial strategies for different customers (Chen, et al., 2009). However, also other theories, like the PDSQ model by Bienstock et al. (1997) lack applicability, as it does not account for the people dimension in the service encounter and thus excludes very important influencers of the service encounter.

The following graphic provides an overview of what the service quality literature has provided in terms of conceptual models for service quality in the B2B – sector. Moreover, it also incorporates the findings for the sector of PDS (Physical Distribution Services) or LS (Logistic Services) which are relevant for the shipping industry.

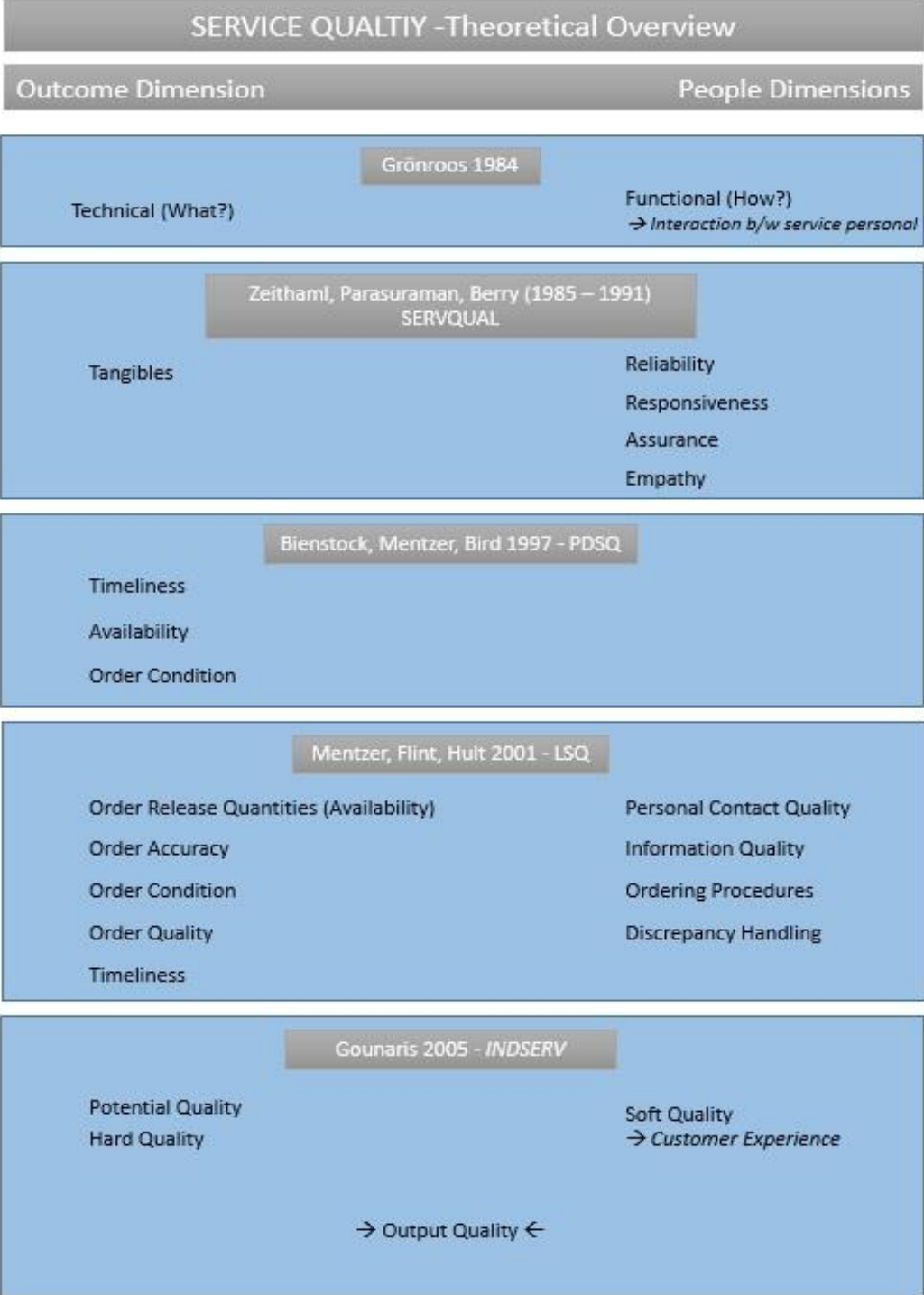


Figure 2: Theoretical Overview

On the left side, the outcome dimensions are presented. Grönroos (1984) classified these as the technical dimensions and Parasuraman, Berry and Zeithaml (1991) used the specification of tangibles. As the outcome dimensions and the underlying factors are straight forward measures (e.g. on time

delivery, availability), the author shares the belief, that an investigation of these is not required in this early stage of creating a conceptual model of service quality in the shipping industry.

The other side presents the people dimensions and therefore the core field of this research. The more importance dimensions like time, availability and price gain, the more the involvement of people in the decision making process tends to be overlooked (La Rocca & Snehota, 2014). By incorporating the people dimensions this shortcoming is addressed.

The possibility to identify two overarching categories in the service encounter quality research also shows that these studies have their similarities. While Gounaris (2005) offers a new model, he might add new insights but with the incorporation of the soft qualities, the proposed understanding also aligns with findings from the SERVQUAL model. Therefore, this research does not reject or discard the applicability of any previous service quality models, but rather combines and borrows these findings. Following an abductive approach, the combination of the previously established service quality models are used to guide this research and to develop a conceptual model for the shipping industry and recognizes the industrial context and therefore the various influencers.

3. Methodology

The following chapter discusses the overarching strategy used for this thesis research, discusses the data collection method as well as the underlying philosophical standpoint and thus the interpretation of the researcher.

The methodological approach of this research was guided by the book “Research methods for business students by Saunders, Lewis and Thornhill (2009). This decision has been made on the premises that their proposed approach appeared logical and has already been proven to be a comprehensive and thorough method in previous research.

“Purely theoretical debates are often less than helpful if we want to carry out effective research” (Silverman, 2013, p. 111)

3.1 Research Philosophy

The research philosophy provides information about how the researcher views and understands the world (Saunders, et al., 2009). Consequently, this influences the methods and strategy used for research (Saunders, et al., 2009). Silverman (2013) as well as Saunders et al. (2009) further argue that the understanding of theory should help the researcher to identify the way in which the research is approached, rather than limiting the possibilities in which way the research can be conducted.

The studies on critical service issues in the service encounter between shipping companies and German freight forwarders are of multidisciplinary nature. Despite the interests on human perceptions about service quality in the service encounter, the impacts of service encounter quality have [as outlined previously] economic impact. Subsequently, the literature for this methodology derives from various backgrounds and thus provides various conclusions about the ontological and epistemological stance.

The epistemological stance of positivism treats “social facts” as existing independently of the activities of both the participants and researchers” (Silverman, 2013, p. 103). As the research aims at identifying critical service issues in the service encounter, the notions of experience and perception are consequently an inevitable factor, influencing this research. Therefore, the epistemological stance of positivism is rejected completely. The research questions lead to the epistemological stance of constructionism and naturalism. The two scholars Holstein and Gubrium (2008) present the main differences between these two epistemological stances as the questions of “what?” and “how?” (Holstein & Gubrium, 2008) However, the research questions demand a view from both angles. On the one hand, the identification of critical service issues in the service encounter is interested in “what is going on”, thus what do shipping organisations do and how does this affect the perception of service in the service encounter. On the other hand, service quality is a highly interpretive construct and is

dependent on the recipient of the service and the personal circumstances involved. Concluding, the facts that will be gained are socially constructed and dependent on a particular context (Silverman, 2013). Transferring this understanding to “the four paradigms for the analysis of social theory” presented by Burrell and Morgan (1982), the underlying philosophical origin tends to the direction of the interpretive paradigm.

3.2 Research Approach

In order to narrow down the analysis but not to limit it to a certain outcome, an abductive approach is applied. Abduction allows the continuum movement between abstract theory and the empirical domains (Dubois & Gadde, 2002)

As previously outlined, many scholars have raised their critiques of the applicability of a SERVQUAL model to the industrial sector cf. (Gounaris, 2005; Halinen, 1994). Further, other scholars have conducted, in alignment with the SERVQUAL model, other models and theories in order to define and test service quality in industrial sectors, including the physical distribution sector cf. (Bienstock, et al., 1997; Durvasula, et al., 1999; Mentzer, et al., 2001). However, to the best of the researcher’s knowledge, there is no concrete and universal model which can be adopted to the shipping industry beyond reasonable doubt. Therefore, the aim of this research, to identify critical service issues in the service encounter between shipping companies and German freight forwarders, is considered a starting point in developing a conceptual model. Further, this research intends to initiate further research in this matter which will eventually lead to the development of an applicable service quality model for the shipping industry.

Taking all this into account, an abductive research approach is considered the most applicable. A profound study on previous theories, including the SERVQUAL model and many others lead to the development of a theoretical overview (see Figure 2), which builds the foundation and guideline of the empirical data collection. As mentioned earlier, the in Figure 2 presented models lack recognition of the industrial context and thus ignore the influencers of the service encounter in the shipping industry. Taking this into account, a strict deductive approach was rejected in order to allow the empirical data to provide further insights and contribute to the model rather than just accepting or rejecting its previous findings. A stringent inductive approach however was also discarded in order to guide the research in the desired direction of critical service issues in the service encounter.

3.3 Research Design

The research design turns the research questions into a research project. Thus, it describes the general plan of how the researcher has proceeded with the project (Robson, 2002).

3.3.1 Research Strategy

“We must emphasise that no research strategy is inherently superior or inferior to any other. Consequently, what is most important is not the label that is attached to a particular strategy, but whether it will enable you to answer your particular research question and meet your objective” (Saunders, et al., 2009, p. 141)

This quote puts again the emphasis on the importance of the research questions and the overarching aim of the research. Thus, the selected research design should be set up to provide answers and solutions for the aim of providing a first step in the development of a conceptual model for service quality measurements in the service encounter of the business-to-business context in the shipping industry.

In order to reach this goal, the units of interest are the customers of shipping companies. Even though the term shipping companies could be divided into industrial segments and their exact specialization (e.g. container, bulk, linear, tramp), the service provided of transporting goods or commodities via the mode of ship remains the same and allows the overarching term of shipping companies. Likewise, the customers of shipping companies, and therefore, the matter of interest to this study, do not require a segmentation regarding their type of good or commodity desired to be transported.

Nevertheless, the customers of shipping companies must be divided into two categories. On the one hand, and probably the biggest group are the freight forwarders. On the other hand, there are companies which have their own logistics department and organize the transport of their goods and commodities directly with the shipping companies (Chen, et al., 2009).

Guided by the limited time and resources available, German freight forwarders have been selected for a qualitative embedded single-case research design, while the customers in general build the context of the study. The use of German forwarders as embedded units of analysis is supported by the fact, that even though the motives may vary and the freight forwarders act as intermediaries, their interactions with shipping companies do not differ significantly from companies which have their own logistics department. Therefore, German freight forwarders fulfil the requirements for a single case study presented by Yin (2003). “...a third rationale for a single case study is the representative or typical case” (Yin, 2003, p. 41)

Further, Yin (2003) argues that a single case design based on a representative or typical case is “a useful tool to capture the circumstances and conditions of everyday or commonplace situations.” (Yin, 2003,

p. 41). The underlying reasoning for the selection is further supported by the fact that the findings from the single case “are assumed to inform about the experiences of the average person or [in this case] institution” (Yin, 2003, p. 41).

As the research is interested in the global nature and perceptions of critical service issues in the service encounter between freight forwarders and the shipping companies, the investigated freight forwarders are considered as sub-units of the global context (Yin, 2003). However, due to the limited resources available, the embedded cases were not studied substantially. Moreover, the qualitative semi-structured in-depth interviews were used as indications in order to gain as many insights as possible to answer the research questions. Taking this into account, the qualitative embedded case study was constructed and performed in order to provide the correct framework for the collection of relevant data, to answer the posed research question.

3.3.2 Data Collection

The reasoning for a qualitative research design is implied in the explorative nature of this particular research and its overarching aim to provide a first step in developing a conceptual model for the measurement of service quality in the service encounter between shipping companies and freight forwarders. Considering this nascent nature, the qualitative design follows the same approach as the scholars who developed the fundament for the theoretical foundation cf. (Bienstock, et al., 1997; Durvasula, et al., 1999; Zeithaml, et al., 1985). In addition, the lack of sufficient literature on service quality measurements in the shipping industry further supports the use of a qualitative design (Zeithaml, et al., 1985).

According to Yin (2003) one of the most important sources of information in case study research are interviews. This might be due to the fact that the interview method provides the researcher with flexibility and deep insights into the participant’s point of view (Bryman & Bell, 2011). Furthermore, data collection based on open-ended interviews enables more realistic insights into how customers’ perceive service quality (Johns & Tyas, 1997). Moreover, following a rather open-ended and unstructured approach can provide more contextual insights (Bryman & Bell, 2011).

As outlined earlier, an abductive approach is the best tool to reach the desired outcome of this research. In accordance with this approach, the data collection method of semi-structured in-depth expert interviews was chosen. This method of data collection enables flexibility and generates in-depth insights. In comparison with other methods, the semi-structured interviews provide the highest degree of accessibility of perceptions (Saunders, et al., 2009). Unlike unstructured interviews, where the researcher has no predetermined questions and explores general areas of interest, the semi-structured interviews followed a framework with a set of topics and questions derived from and in accordance with the theoretical background of this study, presented in chapter two (Saunders, et al.,

2009). Thus, the topics of the interviews were set, but they remained open-ended in a conversational manner, which provided the chance to add additional insights (Yin, 2003). Further, the semi-structure was enforced by adopting the flow of the conversation and not following a strict order or guideline.

The semi-structured interviews were performed with industry experts who work for different freight forwarders in Germany. In total a number of eight industry experts were interviewed. These interviews were conducted face-to-face as well as per telephone. In order to gain as much insights as possible, the interviewees were encouraged to lead the conversation. Even though the guideline for the interviews includes concrete questions, the aim was not to read them out in verbatim. Moreover, the interviewees were asked for best- and worst-practice examples in order to gain further information. The questions were only used when the participants did not cover the topic by themselves or needed further direction. Thus, they were used spontaneously and in accordance with the particular interviewee.

The guideline for the interviews was built around the service encounter qualities derived from the theoretical overview provided in chapter two (see Figure 2). While the research is concerned with the service encounter quality, only the people dimensions were included in the set-up. Similar to the method of coding, the researcher looked at the different service quality models and investigated their proposed dimensions for the people dimensions of the service quality. As outlined earlier, some of the models propose similar dimensions. In this case, these overlapping dimensions were included into one single question. Thus, the set up research guide [see Appendix I] borrowed and combined insights provided by previous studies. Nevertheless, the abductive approach and the goal of developing a conceptual model in mind, the researcher was very open to insights which contributed additional ideas and criteria to the framework.

The interviews lasted between twenty minutes and one hour. All interviews were held in German and were audio-recorded in order to ensure a detailed transcription and translation afterwards. As Yin (2003) states “audiotapes certainly provide a more accurate rendition of any interview than any other method.” (p.93). However, before the interviews were conducted and recorded, the participants were asked for their permission. Moreover, in terms of anonymity the interviewees were asked for permission, to state their names as well as their company names in the report.

3.3.3 Participation Selection

Due to the fact that freight forwarders offer a wide range of services, not all German freight forwarders qualified as participants for the research. In order to qualify as participants, the interviewees must be involved in international freight forwarding via the transportation mode ship. Stanworth (2012) already recognized that sustaining access in B2B research is very problematic. Taking this into account

and considering the limited time frame, a type of convenient sampling was applied. Thus, not every subject fitting the requirements could have been selected (Malhotra, 2010).

Not only have Hamburg and Bremen the biggest harbours in Germany, they are also home to most of the shipping companies in Germany (VDR, 2014). On the premises that Hamburg and Bremen play the most important role in sea-trade in Germany, the assumption of the highest density of freight forwarders, and with this, the best accessibility for participants has been made. Two approaches were used in order to contact and gain access to possible interview partners: Via an online business directory, freight forwarders, which offer ocean/sea trade were collected in a data base. An email was set up, in which the freight forwarding companies were asked whether one of their employees would like to participate in an expert interview. Further, the purpose and the overarching goal of the research were introduced. In the second approach, a similar email enquiry was sent to the “Verband Hamburger Spediteure” (in engl. Association of Hamburger Freight Forwarders). They confirmed their cooperation and offered the publication of the enquiry in their weekly newsletter.

As the feedback was rather small, all of the freight forwarders who replied to the enquiry were selected.

3.3.4 Data Analysis

As mentioned earlier, the outlined research philosophy and the methodological assumptions build the framework for the research. Subsequently, the chosen method of analysis must be coherent with this fundament (Saunders, et al., 2009). In reference to the abductive approach, theory will be generated in a correlative effect and iterative process between the data collection and the data analysis (Bryman & Bell, 2011). The outlined theoretical framework about service encounter quality built the foundation of this research and guided the data collection. Yin (2003) argues that the present theory can be used to develop a descriptive framework, which supports the set-up of the embedded case study and the data analysis. As mentioned above, derived from the theoretical frame and guided by the research question, the proposed people dimensions were used as the foundation for the semi-structured interview guide [see Appendix I]. However, these dimensions only provided a guidance in the data collection process in order to avoid overreliance on theoretical frameworks, which can disclose the explored phenomenon already in an early stage of the research (Bryman, 1992).

The semi-structured in-depth interviews were audio-recorded to allow full rendition of all interviews afterwards. Moreover, they were transcribed and translated into English for analysis purposes. A randomized backwards translation [selecting randomly translated sentences and reference check it with the original sentence] guaranteed the correct translation as well as the evaluation of the meanings (Bryman & Bell, 2011).

In order to apply an effective technique that enables discovering fundamental insights from the participants, the hermeneutic abductive approach was used. By following the objective hermeneutic analysis, neither a single sentence nor comment is interpreted in isolation and is therefore always understood in the context expressed (Palmer, 1975).

For adequate case study analysis, Yin (2003) suggests relying on all relevant evidence, including all the important rival interpretations and considering the most significant aspects of the case study. In order to align with these suggestions, the three step approach by Flick (2014) was adopted for the analysis.

Firstly, the transcripts were read thoroughly and important expressions were highlighted and collected in a sequential order (Flick, 2014). The second step concerns the systematic analysis of the highlighted expressions. This analysis was aimed at identifying categories (codes) that relate to critical service issues in the service encounter. Hereafter, themes were established in order to define overarching categories for the codes (Flick, 2014). In the third step, the overview derived from the theoretical framework was consulted and compared to the themes and the underlying codes. The involvement of the literature expanded the interpretations and closed the link between theory and empirical findings (Flick, 2014).

3.4 Validity and Reliability

When applying a qualitative case study, concerns about the validity are raised, as for example in LeCompte and Goetz (1982). Due to the qualitative nature of this research, however, it dissociates from this specific term in its standard form (Yin, 2003), in reference to Bryman (1988), who claims “I feel that it [validity] imposes a cluster of standards upon qualitative research which to a large extent is more relevant to the quantitative tradition, within which such terms were originally developed” (Bryman, 1988, p. 125). Rather, this research associates with the term of “extrapolation” proposed by Alasuutari (1995). He argues that “The researcher should rather demonstrate that the analysis relates to things beyond the material at hand [...] exploration better captures the typical procedures in qualitative research” (Alasuutari, 1995, p. 156). By setting up the guideline for the data collection in accordance with the theoretical framework, but not limiting the interviews to it, the data collection provided insights beyond the material at hand and delivered explorative insights.

However, in order to provide reliable insights, using the non-standardised interview technique, Robson (2002) proposes four threats of reliability. The first threat he proposes is the *subject of participant error*. This error discusses the impact of the different times during the week on the results of the interviews, e.g. that the degree of enthusiasm differs on a Monday morning to a Friday afternoon. Thus, it is suggested to select a more neutral time for the data collection (Saunders, et al., 2009). Taking this into account, the interviews were scheduled in order to fit to these more neutral times. However,

due to the busy schedules of the industry experts, two of the interviews had to be conducted on a Friday.

The second threat proposed by Robson (2002) is the *subject or participant bias*. In this particular case, this means that the experts who replied to the inquiries may have been in particular dissatisfied with the service of the shipping industry and used this platform in order to get dissatisfaction heard. However, this has been taken into account and therefore not only worst case scenarios but also best case scenarios were asked during the interviews.

The third threat of reliability is *the observer error*. This error was limited to the minimum due to the fact that only one interviewer conducted the interviews. Moreover, the same previously established guideline was used for all interviews. Nevertheless, an interview is always an interaction between two people and thus each pair has different dynamics which might have unknowingly influenced the answers of the interviewees.

The fourth threat is defined as *observer bias*, discussing the inevitable subjectivity of the analysis of the data. To put the collected data into different codes and categories requires the subjective judgement of the researcher. Therefore, the researcher tried to focus on the raw data gathered solely, and reducing the personal judgement to a minimum.

To put it in a nutshell, non-standardised research methods, like interviews, are not constructed in order to be repeated exactly by other researchers, but to provide insights, reflecting the reality at the time the data was collected (Saunders, et al., 2009). Thus, the strength in using the qualitative research tool lied in gaining new insights in the field, which would have not been gained with other techniques.

3.5 Limitations

This research is mainly bound to the limitations of time and availability. The given time frame five month in combination with the limited availability or accessibility of the empirical data in form of German freight forwarders does not allow the execution of the preached triangulation for the case study design (Saunders, et al., 2009; Yin, 2003) However, referring to the aim of providing a first step in the development of a conceptual model, which aims at initiating further research in the field of service quality measures in the B2B sector, this research refers back to the statement of Alasuutary (1995) and believes that the methods and approaches chosen provide further insights to the theory at hand. Further, the used steps and measures were chosen in line with the proposed guiding steps by Yin (2003) to provide and ensure quality of the research design.

While Yin (2003) suggests to perform pilot case studies prior to the actual research, this suggestion was rejected on the basis of the limited time frame. Thus, the risk of getting involved without previous gained experience was taken. However, the accessible literature on this matter provided familiarity

with the topic beforehand. In addition, Bryman and Bell (2011) point out, that the awareness of potential weaknesses in the data collection may affect the natural atmosphere and thus lead to reactive effects.

The chosen method of conducting semi-structured interviews in German and later translating them into English carries the risk of linguistic and sociocultural issues (Bryman & Bell, 2011). Participants could have used a specific wording or grammatical structure, which are limited in their direct translation to English. However, this limitation is considered very small as the researcher is a native German speaker and is also sufficiently fluent in the English language. This allows the reduction of possible flaws in the translation to a minimum.

Furthermore, due to the required interpretations of the wording, the possibility of influences by the subject opinion on the gathered data must be considered (Malhotra, 2010).

Another shortcoming of this study is that one-sidedness of the research. As previously outlined, the service encounter is multidimensional construct. Thus, by investigating only the freight forwarders, so one-side of the service encounter, not all influencers are taken into account. Nevertheless, this shortcoming has been accepted on the premises that this research aims at providing a first step in the development of service quality model for the shipping industry.

4. Findings

The following chapter presents the empirical data gained through the semi-structured interviews. As stated in the previous chapters, the “People Dimensions” derived from the theory built the foundation of this research and the data analysis. Hence, these dimensions were used as the guideline for the semi – structured interviews. Following the approach suggested by Flick (2014), the findings were coded and then categorized. Taking the abductive approach into account, the established codes and categories were compared to the theoretical overview (Figure 2). Consequently, the comparison between the previously established theories and the empirical findings constitute the following dimensions. Thus, the findings may be summarized in a new dimension, not previously considered by the theory. As the aim of this research is to investigate critical service issues in the service encounter, and provide first insights to create a conceptual model, the dimensions are not listed by preference or priority.

4.1 Reliability

The dimension of “reliability” is derived from the SERVQUAL model proposed by Zeithaml et al. (1985). In their initial work the scholars summarised this dimension as the “consistency of performance and dependability.” (Zeithaml, et al., 1985, p. 47) Moreover, “it also means that the firm honours its promises.” (Zeithaml, et al., 1985, p. 47)

The interviews revealed that the dimension of reliability is definitely a crucial factor when defining good service of a shipping company.

“I am a big fan of consequence-price ratio calculations. I rather pay a bit more, instead of having to deal with problems. So I can be sure, that the service I offer my clients actually works.”

Silke Fischer – Leschaco

“Reliability is next to the price and the time a very crucial factor, when choosing a shipping company.”

Franz Determann – BRELOG

The presented quotes demonstrate the general attitude towards the perception of reliability. While some would consider the reliability more important than the price, others would subordinate it to price and time. Here, the time is not classified as proposed by Zeithaml et al. (1985) meaning to stick to the designated time as a sub-dimension of reliability but the time, the shipping company proposes in their service offering for the shipment. The interviews have shown that attitude towards the reliability is highly depending on the value of the product shipped. When shipping rather cheap products (e.g. like plastic), higher transportation costs, through e.g. pricier shipment have a greater impact on the final

price of the products. Whereas, higher value products are not so susceptible in their final price by the transportation costs (Gauer, 2015). Thus, when dealing with cheaper products, the freight forwarders are willing to take the risk of a lower service quality in terms of reliability and the risk of dealing with discrepancies.

The quotes that are shown in Appendix III validating the dimension of reliability are rather limited. However, affirming quotes can also be found in other categories, especially when looking at the factor of discrepancy handling (see page 41). Here, the experts have shown a common view towards problems and thus unreliable service. The perception of service quality is not so much influenced by the factor whether problems occur or not, but how they are dealt with.

“Of course problems can occur. But when the shipping company is not taking any effort to resolve the problems, we put them on a black list, and then we try to avoid these companies when possible”

Judith Ristow – GEFCO

4.2 Responsiveness

Like the dimension of “reliability” the dimension of “responsiveness” is also derived from the SERVQUAL model proposed by Zeithaml et al. (1985). The scholars describe this dimension as “the responsiveness is concerned with the willingness or readiness of employees to provide service. It involves timeliness of service.” (Zeithaml, et al., 1985, p. 47)

As the shipping industry is a business in which time plays an important role (Determann, 2015; Gauer, 2015), responsiveness is fundamental. Evidently, the empirical data provides validating comments for this statement.

“Sometimes you have to wait three weeks for a booking confirmation – others have already delivered the container by then”

Maike Dreß – Mardin Logistik

“In order to provide the best service to our clients, it is vital that we have the right documentation at the right time. We cannot wait for two, three weeks for a response”

Sascha Geib – Kerry Logistics

The empirical data also shows that the dimension of responsiveness is for some freight forwarders the decisive factor whether they chose a shipping company or not.

“When we look for partners we can work with, we look also check if they respond in an adequate time”

Judith Ristow – GEFCO

“When the price is somewhat the same and the other factors are also right, then I take the one where I know I do not have to call five times and where the service is very troublesome”

Silke Fischer – Leschaco

The comments above already show that the responsiveness is a dimension that cannot be neglected. In addition the empirical data has shown that the dimension of “responsiveness” is rather complex. Thus, when taking a closer look, comments that support “responsiveness” can be found in different dimensions. These are for example the dimensions of “flexibility”, “contact with contact personnel” and “outsourcing”. The link between these dimensions was made obvious by the negative attitude towards the recent structural changes in the shipping companies. This negative attitude could be noted in all expert interviews. According to the experts, the structural changes, which were implied in order to save costs, led to the fact that the responsiveness suffers.

“The problem is, they try to design the workflow in such a manner a monkey could do them. Unfortunately, they do not do this because they want to make the work faster and more secure. No, they do it simply due to profit maximisation. But they haven’t realized that a computer cannot solve the problem when one occurs. When a problem occurs, it is crucial to find a quick and easy solution.”

Thomas Gauer – CGATE Logistics

In order to provide a better understanding of critical service issues, the dimension “responsiveness” here is defined as the contact personnel’s readiness and ability to respond adequately, especially time-wise. Taking this into account, the dimension of “responsiveness is linked to the Logistics Service Quality Model (LSQM) proposed by Mentzer et al. (2001). This is due to the fact, as the research has shown, that the dimensions of “information quality,” “ordering procedures” and “documentation quality” influence the quality of the “responsiveness”. Whereas other dimensions, like “empathy” are more concerned with the actual intrinsic motivation of the contact personnel to satisfy the customer needs and are covered in the dimensions of “personnel contact quality”. This understanding also closes the gap to other models, like the INDSERV model - more precise to the notion of “soft quality” proposed by Gounaris (2005).

4.3 Process Quality

The analysis of the empirical data shows that the categories of “Information Quality”, “Documentation Quality” as well as “Ordering Procedures” share similar attributes which are important for a fast and flawless process. Thus, they were summarized in the overarching dimension of “Process Quality” and were categorised as sub-dimensions.

4.3.1 Information Quality

As just mentioned the factor of “information quality” derives from the LSQ model by Mentzer et al. (2001). The authors describe it as the availability of information about the products/services provided by the company. This is either in written form or delivered by the contact personnel (Mentzer, et al., 2001).

The matter of information quality delivery in written form did not gain much attention during the interviews. Only one of the respondents remarked that some of the companies only provide lists with complex, unstructured data, from which the information has to be sourced.

“Sometimes they [the shipping companies] tell you to look on their website. And then you have to scroll your way through amounts of data. That is very time consuming”

Michael Lorenz – International Freight Bridge

On the other hand, it has been criticised that some of the shipping companies intentionally hide some extra fees, which appear later in the booking process. This is done in order to promote low freight rates.

“Company XY for example, they appeared to have a very low freight rate to Asia. But after a couple of steps through the booking process, they charged an industry unusual high Terminal Handling Charge. Which then led to a very bad freight rate. This obviously, is very annoying, because you have to start with another shipping company again.”

Thomas Gauer – CGATE Logistics

The other factor, information quality delivered by contact personnel is embedded in the categories of “documentation quality” as well as “contact to contact personnel”, as it appears that the most of the needed information can be derived from the documents. The latter is not discussed in this section because it was a very prominent part during the interviews and thus requires single attention.

4.3.2 Documentation Quality

The factor of “documentation quality” does not derive directly from the theory but emerged from the empirical data. Nevertheless, like mentioned above, it can be linked to the factor of “information quality”, as the documents are a vital source of information.

The empirical data shows that the quality of the documents can be a critical factor. If the quality of the documents does not comply with certain standards, rules or regulations, they can become invalid and can hinder the process.

“In order to be able to provide efficient services, a good documentation quality is essential. Unfortunately, this is not always the case. Sometimes, even highly important documents are send back

to us, even though they contain crucial mistakes, wrong rates or similar, which then results in extra work for us, having to contact the company again.”

Sven Schoon - ETS Transport and Logistics GmbH

Moreover, it goes so far, that the “documentation quality” leads to the pre-mature end of a business relationship.

“If the documentation is not correctly executed by the shipping company, I might get in contact with them two or three times, but when it is not fixed by then, I lose my patience and look for a company that is able to create a sufficient supply chain.”

Silke Fischer – Leschaco

4.3.2.1 Outsourcing

The fact that many shipping lines have outsourced their documentation process to low-income countries in Asia has been indicated as the explanation for a decrease in the “documentation quality”. In addition the named negative results from outsourcing can also be linked to the dimension of “responsiveness”.

The data collection has shown that the concept of outsourcing the documentation process is a rather new phenomenon that has gained popularity among shipping lines in the recent years in order to save costs (Determann, 2015; Gauer, 2015). However, the concept does not find appeal in the freight forwarder community, due to the decreased service quality caused by it. Due to its rather new appearance, the issue of outsourcing has not been addressed in other service quality models and thus is a valid insight gained through this explorative study.

“Many Shipping Companies outsourced their documentation process. Thus, if you have any remarks you have to send it to India. But the person does not understand your remarks and then you end up sending it back and forth four times. Then it would be way easier if you had someone in the head office who knows what is going on and you could contact directly.”

Maike Dreß – Mardin Logistik

“Usually, outsourcing should make a company more efficient. But in many cases it is the contrary. It often means more work for us, because the many mistakes the documents contain and way more waiting time. Due to the fact that some guy somewhere on the other side of the world is dealing with your requests hinders the possibility to deal with problems just in between really quick.”

Sven Schoon - ETS Transport and Logistics GmbH

One of the interview partners went so far and named the non-use of outsourcing as a factor for a good service of a shipping company.

“I define good service of a shipping company when they do not outsource all their processes. Many have outsourced all their documentation and billing to India. And what we get back is full of mistakes. With some companies we have to send back every second or third document. And this leads to more work for us and consumes more time.”

Franz Determann – BRELOG

4.3.3 Ordering Procedures

The factor of “ordering procedures” is derived from the LSQ model by Mentzer et al (2001). In their paper the authors describe it as the efficiency and the effectiveness of the ordering procedures, enabling an easy to use process (Mentzer, et al., 2001).

When asked which mode of communication is used in order to make a booking with the shipping companies, the experts responded that the main part of communication is done via email and the booking is mostly done via online tools. Even though the online tools are intended to reduce barriers and increase the efficiency of the ordering process, the empirical data reveals that the ordering procedures via online tools reduces the experienced service quality.

“The problem with the online tools is, that they are constructed by IT people and thus do not derive from the reality. Therefore, they do not consider logical steps and thus create more work for us. That becomes really annoying.”

Maike Dreß – Mardin Logistik

What appears to be a problem, especially when freight forwarders use a carrier they do not work with on a regular basis, are the different online tools among the various companies. Each company has its own system and requires new information. Thus, it takes the freight forwarders a lot of time getting used to a new system, even though increasing the booking speed was intended.

“A critical point, are the online tools and the required information. Each company uses a different tool and every time we have to search the information. Then, the data might not be there, then we have to wait and so on.”

Michael Lorenz – International Freight Bridge

“It always takes time to get used to a new system. And since every company uses a different tool, each has its own little tricks you have to get used to. That can be quite frustrating at the beginning.”

Sascha Geib – Kerry Logistics

The factor of responsiveness also plays a crucial role in combination with the online tools. As stated, instead of providing a benefit, it decreases the “flexibility” and with that the service quality offered by the shipping lines.

“The problem is, they try to design the workflow in such a manner a monkey could do them. Unfortunately, they do not do this because they want to make the work faster and more secure. No, they do it simply due to profit maximisation. But they haven’t realized that a computer cannot solve the problem when one occur. When a problem occurs, it is crucial to find a quick and easy solution.”

Thomas Gauer – CGATE LOGISTICS

“We have already booked sometime with other companies in order to avoid online tools. When we need a fast solution and reliable service, then a small price difference is not so important.”

Franz Determann – BRELOG

The above shows that the ease of using an online tool and its implied responsiveness is a critical service factor.

4.4 Personnel Contact Quality

In their work from 2001, the scholars Mentzer, Flint and Hult propose a service quality model for the logistics industry, which, unlike the PDSQ Model by Bienstock et al. (1997) includes people dimensions. They named their model Logistic Service Quality (LSQ) model. One of the nine dimensions they proposed is called “personnel contact quality” and it describes the customer orientation of the supplier company. It is oriented at the SERVQUAL model (Mentzer, et al., 2001) but also contains characteristics which are in line with the INDSERV model, proposed by Gounaris (2005). Mentzer et al. (2001) state that the “personnel contact quality” is concerned with the knowledge of the contact personnel as well as the empathy and the willingness to help the customers.

Taking this into account, and analysing the empirical data gained from the expert interviews, the “personnel contact quality” dimension provides the perfect frame of an overarching dimension. Thus, the “personnel contact quality” was, grounded on the gained empirical findings, divided into four sub-dimensions – “assurance”, “empathy”, “experience” and “knowledge”

4.4.1 Assurance

The sub-dimension of “assurance” has its origins in the SERVQUAL model. Unlike “responsiveness” and “reliability”, however, “assurance” has been introduced in the refined version from 1988 (Zeithaml, et al., 1988). The authors define the dimension of “assurance” as: “the knowledge and courtesy of employees and their ability to inspire trust and confidence” (Zeithaml, et al., 1988, p. 23).

As the empirical data provides sufficient statements that consider the “knowledge” of the contact personnel, it has been decided to create an extra dimension and will be explained later in this chapter.

Substituting “knowledge” from the dimension “assurance”, the dimension is reduced to courtesy and the ability to inspire trust and confidence (Zeithaml, et al., 1988). The empirical data shows, that a contact personnel’s courtesy and their ability to convey trust and confidence is a crucial factor.

“When I try to find a logistic solution for my client, the most important factor is, can the company do it, then do they want to do it and after that, time and money become relevant issues.”

Silke Fischer – Leschaco

“Assurance is always part of trust. But one notices really quickly whether the shipping company is eager for the business or not. When you get quick responses with elaborated answers to the questions, then you can tell if they will do a good job or not.”

Judith Ristow – GEFCO

However, the interviews have also shown that the dimension of assurance is also linked to the value or the sector of the products. While low-value commodities via linear shipping do not require very much attention, others might do, due to high value, high weight or other specialties, like unusual documentation regulations.

“In the chemical sector, assurance is a critical factor. I have to be certain the carrier can deliver to the required standards as well commit to the additional work.”

Silke Fischer – Leschaco

4.4.2 Empathy

With the dimension “empathy” also the fourth dimensions of the SERVQUAL model, which can be linked to the service encounter quality, can be considered a critical service issue for the shipping industry. The three scholars Zeithaml, Parasuraman and Berry (1988) define the dimension of “empathy” as: “Caring, individualized attention the firm provides its customers” (Zeithaml, et al., 1988, p. 23). However, as other models were also used as guidelines, the “empathy” dimension also relates to the soft quality dimension of the INDSERV model proposed by Gounaris (2005). He argues, that it is, especially in the B2B sector, important to find communal elements and understand each other’s needs as well as to have a personality match (Gounaris, 2005). Thus, the factor of sympathy was also considered a trait of this dimension.

The empirical data shows that these underlying traits are relevant to the shipping industry as well and can be considered critical service issues.

“Of course the previous experience plays a very vital role. Sometimes you have shipping companies, where you have to deal with very arrogant service personal. And then you have others which are very easy to work with. With those, you just send out the offers and everything works.”

Michael Lorenz – International Freight Bridge

“When we have a difficult product, I look for a carrier which I can work well with. With which I get along well and where you can pick up the phone and not only write emails with.”

Silke Fischer – Leschaco

One of the participants went so far and distinguished these traits as the core difference of good service personnel.

“Some people might know what they are doing, but they lack the specific salesman skills. Those who are practical people with a hands on mentality, who are likeable/pleasant and can act deescalating”

Thomas Gauer – CGATE Logistics

As mentioned earlier, empathy could also be linked to “responsiveness”. While “responsiveness” is targeted at the readiness and ability to respond adequately, the dimension of “empathy” is concerned with the intrinsic motivation to help. The empirical data shows, that the intrinsic motivation as well as the interpersonal relationship can be a vital factor whether a business happens or not.

“Especially when you have to find a quick solutions you tend to call or email someone, you know and have a good interpersonal relationship with”

Sascha Geib – Kerry Logistics

“When the client gives me free command, of course, then I use those which I like the most and especially, those, where I know everything works.”

Michael Lorenz – International Freight Bridge

4.4.3 Experience

Unlike the other sub-dimensions of the personnel contact quality, this dimension has no direct link to a specific theory, but emerged from the analysis of the empirical data. The data has shown that the experience of the contact personnel can play a vital role in the perception of good service quality in the service encounter. However, the data also reveals that “experience” is rather a dimension, which facilitates the contact personnel service quality. Meaning, the experience per se is not the crucial factor but the possibilities it implies.

“The longer the employee is in the business, the better he/she can provide information.”

Maike Dreß – Mardin Logistik

“Experience is a very helpful factor, because it can speed up the process, since experienced employees often know short cuts.”

Franz Determann – BRELOG

These quotes represent very well the overall attitude towards the dimension of “experience”. Across the majority of interviews, the lack of experience and in conjunction with that, the lack of knowledge of the contact personnel was commented on. They criticized the structural developments over the past years, which further strengthen the importance of experience.

“Experience has become a very vital point. Most of the people in the shipping companies don’t even know what a ship is. They only know it from the TV or so.”

Silke Fischer – Leschaco

“Experience is a factor. What I see is that recently we really have problems with the new generation. They take a very long time to get used to the system.”

Michael Lorenz – International Freight Bridge

Taking this into account, the experience has been considered a vital factor. However, in the end it is not the experience itself which is a critical factor but the implied possibilities and knowledge.

“A lack of experience does not necessarily mean that the other person is not knowledgeable. Thus, one cannot say that experience per se is an important criterion. However, knowledge is very crucial. The contact person should know everything related to the designated shipping area. Thus, should be able to answer our questions.”

Judith Ristow – GEFCO

4.4.4 Knowledge

The dimension of knowledge is also discussed in the LSQ model by Mentzer et al. (2001) and is considered a trait that builds the personnel contact quality. The LSQ model proved that the customers care about the knowledge a contact personnel has about the product or the service the company offers (Mentzer, et al., 2001). As already touched upon in the “experience” dimension, the contact personnel’s knowledge is a very vital point and thus has gained notable attention during the interviews. However, the interviews showed that for the customers of shipping companies, the dimension of “knowledge” also implies the knowledge about requirements and the shipping area they operate in. Moreover, the contact personnel should have some cross-sectional understanding in order to make-sense of the bigger structures.

“When we talk about political things, it is very important to have a contact person who is able to see the big picture and has the authorities to intervene cross sectional and is in contact with the offices abroad”

Thomas Gauer – CGATE Logistics

“Sometimes, the difficulties lie in the smallest detail. And when the person on the other side has never been in contact with this detail or uses normally a different system, then it is not their fault. And then I am not mad at them”

Michael Lorenz – International Freight Bridge

This kind of patience was not shared among the other experts. Moreover, it was shown that the knowledge of the service personnel can also be a decisive factor whether a business happens or not.

“Nowadays, you often come across that the wrong people are in the wrong positions. The people tend to think too complicated, because they lack the knowledge and the experience. Thus they do not see the obvious solution. And then you catch yourself thinking: “...let’s rather not work with them. They can do the 0815 (standard) things, but when it’s getting a bit more complicated, we rather do it with someone else”

Thomas Gauer – CGATE Logistics

As previously noted, the knowledge factor is very closely related to the dimension of “responsiveness”. Like the expert Lorenz (2015) pointed out, the difficulties often lie in the smallest detail. A not well trained employee might come across some problems which might be easily resolved by talking to colleagues or collecting further information. However, this process takes time and thus influences the dimension of “responsiveness”.

4.5 Flexibility

One of the few works, which have discussed the limitations of the SERVQUAL model for the shipping industry is the paper “Service quality gaps of business customers in the shipping industry” by Chen et al. (2009). The authors reject the full applicability of the SERVQUAL model to the shipping industry on the premise that it lacks the consideration of flexibility, which is a considerable factor for freight forwarders (Chen, et al., 2009). The empirical data gained from the expert interviews supports this statement.

“Because the shipping companies get bigger and bigger, the procedures get slower and slower. This leads to the fact that the personnel service gets lost, meaning that spontaneous bookings or changes are hardly possible because everything takes too long.”

Sven Schoon - ETS Transport and Logistics GmbH

“Too many chefs ruin the meal. We tried to change the final destination of a container. And even though the ship stopped there anyway, it took four weeks to change that and even more, there were people involved from USA, Canada, China and Germany. I had to talk to a person in Hamburg, who simultaneously skyped with a person in China, who then had to confirm the new booking in the system.”

Silke Fischer – Leschaco

These statements also show the evident link to the dimension of “responsiveness”. Moreover, the flexibility is heavily influenced by the size of the company and is obliged to the structures they imply.

“In many companies structures are very similar to politics. Everyone tries to avoid taking over responsibility and do not want to be the one responsible for a problem. Therefore, the staff empowerment is reduced heavily and each step has to be secured by another step.”

Franz Determann – BRELOG

Thus, the big structures hinder the fast response and therefore do not allow, especially the bigger shipping companies, to act flexible. The importance of “flexibility” becomes even more evident when looking at the factor discrepancy handling. Here in particular, a fast and flexible solution, away from the given, stiff structures, is very important for the freight forwarders in order to comply with their own service offering (Determann, 2015; Lorenz, 2015)

4.6 Discrepancy Handling

The category “discrepancy handling” is also one of the nine dimensions that were proposed in the LSQ model by Mentzer et al. (2001). The authors define it as the suppliers contact personnel’s way of dealing with faulty shipments (Mentzer, et al., 2001). As already mentioned above, the findings of the expert interviews reveal that not problems in general, but the way how they are dealt with can be considered a critical service issue.

“A good service for me differs in the fact how companies deal with problems. When a problem occurs, I find an accommodating attitude very important. And when that is the case that is something I remember.”

Sascha Geib – Kerry Logistics

“Of course problems can occur. But when the shipping company is not taking any effort to resolve the problems, we put them on a black list, and then we try to avoid these companies when possible” Judith Ristow – GEFCO

When asked how the experts would define good discrepancy handling, the answers show that the dimensions of “flexibility” and “responsiveness” are crucial in this category.

“The way a company deals with problems is very important to us. Because, it can always happen that something goes wrong, but then a fast and uncomplicated solution has to be reached”

Sven Schoon - ETS Transport and Logistics GmbH

Moreover, it was a pro-active as well as an understanding attitude that was considered important in the dealing with discrepancies.

“After we resolved our dispute with company XY they did not admit their mistake or even consider apologizing to us. And this would have been the least they could have done, after all the trouble we had because of them.”

Maike Dreß – Mardin Logistik

In addition, a good discrepancy handling can strengthen the relationship among the supplier and their customer.

“Especially, the way how a company deals with problems can also foster the relationship. We once had an example, where a problem occurred. However, due to the flexibility of the staff and their hands on mentality, the problem could be fixed, without our customer noticing anything. And that is something that builds and also fosters the relationship with a shipping company.” (Ristow, 2015)

4.7 Contact with contact personnel

The category “contact with contact personnel” is not extracted directly from the theory, but developed based on the findings derived from the interviews. The empirical data has shown that a direct contact to the service personnel is a very important factor for the freight forwarders and affects their perception of the service quality.

“When comparing shipping companies with each other, I find it very important to have a direct contact partner or a fixed group of designated contact people. So you have the chance to just pick up the phone and get directly into contact.”

Thomas Gauer – CGATE Logistics

“Another good service is close contact to the customers and efficient IT solutions. For example, company XY did not outsource all their procedures and try to work more efficient with less people from here. Moreover, they created a data-cloud, where you can upload your request and download the completed documents.”

Franz Determann – BRELOG

The importance of this category is linked to the previously mentioned structural changes in the shipping companies. Thus, outsourcing and the combined decrease in service quality encourage the need for close and short supplier – customer relationships.

“Good contact personnel is when they state their direct telephone number and you can avoid going through the hotline.”

Maike Dreß – Mardin Logistik

“There are too many interaction points in the companies. I send a booking to the company and then somebody in Asia does the documentation. But when I have a problem, and call the service centre in Germany, they don’t know what I am talking about. And then they have to talk to someone in Asia and so on.”

Silke Fischer – Leschaco

Similar to other categories, this category is also linked to different dimensions. In fact, to some degree, this category validates the whole research. It shows that besides the importance of the outcome dimensions, also the people dimensions and their implied notions of “responsiveness”, “empathy” and “flexibility” are critical service issues for the shipping industry, which can eventually be a decisive factors for a business relationship.

“I like to work with companies, where I have a contact office, which I can talk to and where we have a friendship-like base.”

Silke Fischer – Leschaco

“Besides fast replies, I also define good service when we have a fixed contact person, who can help us directly, when problems occur.”

Judith Ristow – GEFCO

“A good contact personnel always gives me their direct telephone number. So when you have a question, you can call directly the person responsible for you booking.”

Sascha Geib – Kerry Logistics

4.8 Chapter Summary

The findings of the empirical data evidently show the relevance of this research. Previously established service quality models were combined and their understanding borrowed as a guidance for the data collection. Later the findings were cross-referenced with these previous theories. The research supports the statement by Svingstedt (2013) that an overly general understanding of the service encounter does not take the industrial context and thus its influences into account. The findings show that the previously established service quality models overlap in some sense and can be applied to the service encounter in the shipping industry. Moreover, the findings also show that the previously established theories do not take factors like the structural changes and the implied outsourcing, the role of documentation quality, the need of flexibility and the contact to contact personnel in the shipping industry into account. Further, the findings of the data collection present a high interconnectivity and interdependency of the proposed dimensions, which further advocates the multidimensional construct of the service encounter.

5. Discussion

The aim of this research was to initiate the development of a conceptual model for service encounter quality in the shipping industry. In order to do so, critical service issues and their dimensions for the service encounter were the target of this research.

The abductive approach, considering existing literature beforehand but also enabling the empirical data to provide new insights, was believed to be the best option for this research, due to the lack of service quality measures targeted at the shipping industry. In order to provide a more thorough framework for the study, other studies, which dealt with service quality measures in the business-to-business or industrial context have been analysed. Here, also the SERVQUAL model was the starting point (Bienstock, et al., 1997; Gounaris, 2005). Moreover, models like “INDSERV”, proposed by Gounaris (2005) as well as the Logistic Service Quality (LSQ) Model by Mentzer (2001), as a refinement of the Physical Distribution (PDSQ) from Bienstock et al. (1997) were considered in the theoretical framework and thus built the guideline for the empirical data collection.

The following will focus on the discussion of the empirical findings in relation to the two research questions and provides a link to the theoretical framework.

5.1 Critical service issues in the service encounter

The identification of critical service issues is the key to the development of service quality measurements (Christopher, et al., 2002). When identifying critical service issues, the aim is to evaluate the importance of service quality compared to other tangible values (Christopher, et al., 2002), in this research labelled “outcome dimension”. The findings of the empirical data provide support for the by Bienstock et al. (1997) proposed PDSQ. The researchers proposed that in the physical distribution service industry the service is targeted at “things” and thus only at the proposed outcome dimensions (Bienstock, et al., 1997).

The empirical data has shown that especially the availability and the time are critical factors. Moreover, the price determinant has shown to be a very important, and in many cases the decisive factor.

The importance of the factors availability, time and price is due to the fact that the freight forwarders are also service providers and always work in the interest of their clients. Taking this into account, the service encounter quality might be ignored in order to provide the service the customer demands.

However, the analysis has also shown that service encounter quality gains more importance compared to factors like time and money, when the shipped product is of high-value or requires special attention. Moreover, when a company has the opportunity to select from a variety of service providers, then

critical service issues play an important role and can be a or the decisive factors. Thus, the next step in evaluating the critical service issues is to understand the opinion of the individual component of the service encounter in order to identify important service attributes (Christopher, et al., 2002)

The empirical data has shown that the nature of the service encounter varies from shipping company to shipping company. While some companies use online tools for the booking process, others use email. In addition, when problems occur or clarification is needed, the freight forwarders contact the shipping companies via email or telephone. Moreover, in the shipping industry, a lot of documents are required. Thus, the exchange of these documents via email or online tools is also part of the service encounter.

By asking the experts to provide best – practice and worst-practice examples, the opinions about the service encounter steps were gathered and incorporated in the coding and thus, consequently in the development of the previously outlined dimensions. The answers have shown that in the best-practice examples of a good service quality perception derived from a flawless and especially fast service. In turn, the worst-practice examples of service quality dealt with slow and troublesome service encounter. According to the interviewed experts, these negative service experiences derived from the bad implemented structural changes in the shipping companies, meaning outsourcing, minimizing the work requirements through IT-Solutions, very bureaucratic procedures as well as complicated and slow request processing online tools.

The other aspect of the service encounter in the shipping industry is the process of dealing with special requests or problems. When these occur, the freight forwarders get in contact with the shipping line again, thus another service encounter occurs. Here, the opinions were similar. The best-practice examples were quick and straightforward solutions, with a pro-active and accommodating attitude from the contact personnel. Whereas the worst-practice examples were slow and troublesome and created mainly because of the previously mentioned structural changes. According to the experts, especially when dealing with problems or special requests, quick solutions, away from the slow and bureaucratic structures are important. Moreover, an unfriendly and not understanding attitude was also concerned in the worst-practice examples.

Identifying the opinions about the steps in the service encounter has shown that the flawless and fast solution-oriented service encounters are critical service issues. In addition the opinions also demonstrate that the structural changes are very unpopular, as they cannot provide this flawless and quick service, required by the freight forwarders. Thus, the experts shared the opinion that good contact to the contact personnel is also a critical service issue, which offsets the obstacles.

5.2 Service quality dimensions of the service encounter in the shipping industry

After the critical service issues have been identified, service quality dimension for the service encounter in the shipping industry were identified. This happened in respect of the abductive approach, by taking the existing theory and comparing it to the findings from the empirical data.

As just mentioned critical service issues of the shipping industry service encounter is a flawless, and effective service. Moreover, the data has also shown that the right way of dealing with problems or special requests falls into the category of critical service issues.

In collaboration with the existing service quality literature and the empirical data, the following model was conceptualized.

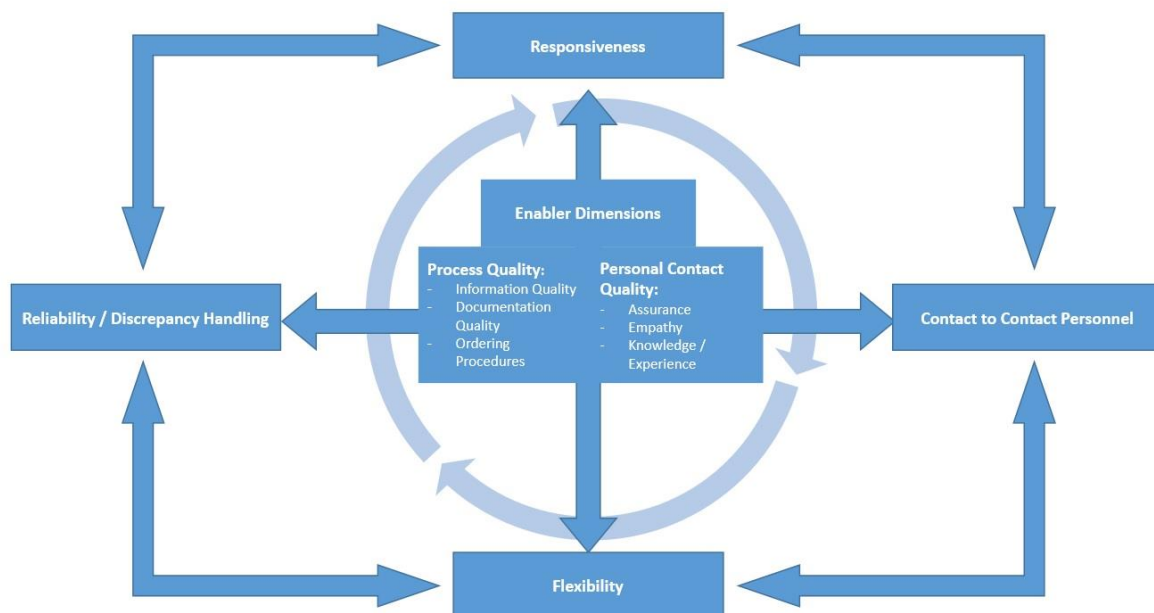


Figure 3: Service Quality Dimensions for the Service Encounter in the Shipping Industry

The model shows that the dimensions are highly interconnected. The outer dimensions formulate the critical service issues into service quality dimensions.

Responsiveness - Responsiveness derives from the SERVQUAL model from Zeithaml et al. (1984) but has been created on the basis of the empirical findings and in alignment with the LSQ Model by Mentzer et al. (2001) reduced to the ability to respond with a good quality and especially in an adequate time.

Reliability / Discrepancy Handling - Reliability / Discrepancy handling are two critical service issues, which have been linked together, because the empirical data has shown the applicability of the issue of reliability like articulated by Zeithaml et al. (1985) – “consistency and dependability of the service”

(Zeithaml, et al., 1985), but has also shown that an accommodating and pro-active attitude in terms of discrepancy handling can create a positive service quality perception. Thus, the way of how the contact personnel deals with the faulty or incorrect service (Mentzer, et al., 2001) is considered a critical service issue.

Flexibility – As the authors Chen et al. (2009) already remarked, the SEVQUAL model lacks its applicability in the shipping industry, because it does not consider the factor flexibility. The empirical data reveals that flexibility is a critical factor in so far, as it is not only important when spontaneous booking requests are made, but also when dealing with discrepancies. Then, it is vital to the freight forwarders that the shipping lines act flexible in order to offset the stiff structures and find a quick solution.

Contact to contact personnel - Identifying the opinions about the steps in the service encounter has shown that the flawless and fast solution-oriented service encounter are critical service issues. In addition the opinions also demonstrate that the structural changes are very unpopular, as they cannot provide this flawless and quick service, required by the freight forwarders. Thus, the experts shared the opinion that good contact to contact personnel is critical to offsets these obstacles. Thus, this research shows that the service is not only targeted at “things”, as proposed by Bienstock et al. (1997) and illustrates the importance of the people factor in the B2B service encounter in the shipping industry.

As previously outlined, the research established a high interconnectivity as well as interdepends of the service quality dimensions. This is further established by the empirical data which recognize enabler dimensions. These are identified in between the critical service dimensions and are the crucial factors that are responsible for the right execution of the critical service dimensions. Similar to the critical service dimensions, also the enabler dimensions are related to the SERVQUAL as well as the LSQ and the INDSERV model. Nevertheless, they also include through the empirical data newly gained dimensions, like documentation quality and experience / knowledge.

The enabler dimensions can be divided into two categories: The process quality and the personnel contact quality.

The process quality consists of the three dimensions: “Information Quality”, “Documentation Quality” and “Ordering Procedures”. These three dimensions were constructed in alignment with the LSQ model by Mentzer et al. (2001). The “information quality” dimension and the “documentation quality” are closely linked, since the majority of the information needed, derives from the documentation. These three dimensions are considered enabler dimensions, because the ordering procedure, or the documentation quality determines how fast the shipping company responds, or is able to deal with

discrepancies. However, the enabler dimensions are also linked to each other, as the “information quality” or the “documentation quality” is dependent on the contact personnel providing them. Thus they are influenced by the personnel contact quality.

The personnel contact quality dimension is divided into three sub-dimensions. The first sub-dimensions of “assurance” and “empathy” are derived from the SERVQUAL model, while the sub-dimension of “knowledge/experience” is derived from the empirical data as well as the LSQ model. The dimension of “knowledge/experience” has been combined, as the empirical data has shown that the experience may influence the knowledge but is not crucial per se. The personnel contact quality dimension is considered an enabler dimension due to various reasons. The “knowledge/experience” of the contact personnel influences the “document quality” which then has influences on the “responsiveness”. Moreover, the theory and the empirical data have shown that “assurance” and “empathy” affect the perception of the contact to the contact personnel.

As the graphic shows, the service encounter quality dimensions for the shipping industry are a much interconnected and interdependent construct. Moreover, the empirical data also shows that the SERVQUAL dimensions are applicable to the shipping industry. However, they need slight refinement as well as supporting dimensions by other models, like the LSQ. The empirical data also shows (see Figure 3) that the dimensions cannot be considered independently, but are a construct that is interconnected and provides service quality by supporting and enabling each other. Having said that, the empirical data provides valuable insights for the research on service quality in the service the shipping industry. The data does not only identify new dimensions, like flexibility, contact to contact personnel as well as documentation and experience / knowledge, it also shows the interdependence of these dimensions. Thus, the empirical data enriched the theory at hand and provided valuable insights which recognize the industrial context of the service encounter in the shipping industry.

6. Conclusion

The purpose of this research was to provide a first step in the development of a conceptual model for service encounter quality in the business-to-business (B2B) sector of the shipping industry. In order to gain sufficient results and to shed light into the phenomenon of service encounter quality for the shipping industry, secondary as well as primary data have been considered. The secondary data has shown that famous models, like the SERVQUAL model lack applicability to the B2B sector, including the shipping industry. Moreover, other proposed models have not been applied and tested in the framework of the shipping industry. The analysis of the secondary data revealed that the proposed service quality models can be divided into two overarching categories – outcome dimensions and people dimensions. As this research, bound to its limitations, is aimed at providing a first step in the development of a conceptual model for the service encounter quality in the shipping industry, this

research is aimed at the discourse between the outcome and people dimensions and tries to identify which of the proposed people dimensions are of relevance to the B2B sector shipping industry.

By following the approach suggested by Christopher et al. (2002), freight forwarders have been identified as influencers, as they are the biggest share of clients of shipping lines. Based on a convenience approach, German freight forwarders were selected. In accordance to the approach suggested by Christopher et al. (2002) as well as following the same patterns which have been used in the development of other service quality models, the following research questions have been set up in order to derive at the purpose of this study. *“What are critical service issues in the service encounter between shipping lines and freight forwarders?”* And, *“Which service quality dimensions of the service encounter apply to the shipping industry?”* The case of German freight forwarders were used as an instrument in order to make theoretical contribution and initiate future research in the field of service quality in the shipping industry.

6.1 Answering the Research Questions

In order to answer the researcher questions and to reach the aim of this thesis, in total eight semi-structured interviews were held. Due to the fact that the interviews were semi-structured and the experts were asked to provide best- and worst-practice scenarios, these interviews were in a casual, conversational manner. This led to the fact that the experts shared interesting and valuable insights. These interviews were guided by the theoretical framework that has been compiled by the secondary data beforehand. Through the method of transcribing, coding and back referencing to the existing theory, critical service issues as well as service dimensions for the service encounter quality could be derived from the interviews.

The outcome of the data analysis has shown, that especially factors like time, availability, and price are critical service issues. This is due to the fact that the freight forwarders are bound to their own service promises. Hence, they have to act according to the demand of their clients. Thus, in the end, a negative service perception may be ignored or tolerated, in order to fulfil the demands of their own customers.

However, especially when the products shipped are of high value or require special care, as well as when the possibility to select freely among shipping lines exists, the people dimensions play an important role in the service encounter. Here, the analysis showed that flawless and fast solutions are critical service issues. Moreover, the data revealed that a good contact to the contact personnel is a critical service issue as well. This helps to compensate the slow and troublesome service created through structural changes.

As mentioned, the primary data collection was guided by the theoretical framework, set up prior to the study. Derived from the findings, service encounter dimensions were created, which were then

aligned with the theoretical framework. The results of this research show that the service encounter quality dimensions are a much interconnected and interdependent construct where dimensions support and enable each other. Moreover, the data shows that the SERVQUAL dimensions are applicable to the shipping industry, even though they need little refinement and support by other dimensions.

6.2 Contribution to Theory

The study at hand is a theoretical contribution to the science of service management and relationship marketing, more precisely, to the field of service quality in the business-to-business sector at the example of the shipping industry. Due to the fact that previous service quality models are too general and do not consider the industrial context and the multidimensionality of the service encounter in the shipping industry, this study broke down service quality models from other industries into overarching categories and their dimensions. These were then used as guidelines for the primary data collection. The research has shown that the service encounter quality dimensions of the SERVQUAL model (Parasuraman, et al., 1991) as well as from the INDSERV (Gounaris, 2005) and the LSQ model (Mentzer, et al., 2001) are in line with the critical service issues of the shipping industry and can be applied to the shipping industry. However, in order to fully capture the specialties of the industry, some refinements in the wording as well as extensions with additional dimensions are required.

In accordance with these findings, a model was created that presents the derived dimensions and their relationship to each other. In accordance to the best of the researcher knowledge, this study is the first which set-up this kind of model specifically for the shipping industry. Thus, the research of service quality, especially in the business-to-business context has thereby been broadened through the revelation of additional dimensions of the service encounter quality as well as pointing out their interconnectivity.

Moreover, in accordance with the opening quotation of Christian Grönroos (1984), the study helps to identify what customers are really looking for and therefore, initiated the development of successful service oriented concepts and models for the shipping industry.

6.3 Societal Relevance

In the problem discussion of this research, the current situation of the shipping industry has been pointed out. The impact of the financial crisis and genuine mismanagement over the past few years have let to probably the toughest times in the history of the shipping industry. In order to remain profitable, the shipping lines try to increase their economy of scale, implement slow-steaming and apply structural changes, including outsourcing and the increased use of, often complicated, online tools. This study has shown that even though the freight forwarders are often bound to their own service offerings and thus to outcome dimensions, service quality issues like fast and flawless solutions

as well as good contact to contact personnel are also critical service issues for the shipping industry. However, these critical service issues are impeded through these structural changes and thus, the perception of the service quality influenced negatively.

As mentioned earlier in this report, service quality is directly linked to profitability. Moreover, as the service logic effects the service encounter, a switch to an understanding of a service dominant logic could be of strategic importance and provide a competitive advantage. If the shipping lines understand their customers as value co-creators and combine their resources to create value, the service offering of the shipping lines can better match the needs of their customers and consequently influence the service quality perception in the service encounter positively.

By pointing out the critical service issues in the shipping industry service encounter, this research provides valuable insights that provide a better understanding of the service quality and consequently highlights possible ways to implement new structural changes to remain profitable in the future.

6.4 Limitations and Directions for Future Research

Over the past few months, the researcher had the chance to familiarize himself with the topic of service quality and with critical service issues as well as dimensions. Moreover, the researcher could find answers to the research questions and reached the overarching goal of providing a first step in the development of service quality measures for the shipping industry. Thus, the research project is concluded successfully. Nevertheless, the research was not free of limitations, which also have to be taken into account when evaluating the project. The greatest restriction that influenced this research were the limited resources for the data collection. These were on the one hand, the limited time frame available, and on the other the limited accessibility of empirical data in the form of German freight forwarders. As it was already troublesome to convince/find eight freight forwarders for interviews, a triangulation in the form of focus groups could not be further considered. This decision was also in accordance to the overarching goal of providing a first step in the development of a conceptual model. Moreover, the findings have shown, that the chosen methods and approaches have provided further insight into the theory at hand (Alasuutari, 1995). Nevertheless, this shortcoming should be kept in mind for future research. As the developed framework is a start in the conceptual model development for service quality, future research could take off at this stage and use focus groups to validate the findings of this study and define them further.

By conducting a qualitative study, this research followed the same approach used in the initial stages for the development of other, well established service quality models (Bienstock, et al., 1997; Gounaris, 2005; Mentzer, et al., 2001; Zeithaml, et al., 1985). This method was used in order to gain

in-depth insights and comprehension as well as to win new information on service quality in the shipping industry. However, the use of qualitative studies always implies limitation in form of quality and external validity. These limitations can be off-set by conducting a quantitative study to back up the findings of the qualitative study. Again, this is a possible starting point for future research, in order to develop a validated and applicable service quality model for the shipping industry.

In addition, the selection of German freight forwarders, as well as the investigation of the service quality implies some limitations. The investigation of service quality carries the problem that the relative importance of attributes can differ among customers, but more importantly, they can also change over time (Christopher, et al., 2002). The selection of the case of German freight forwarders only allowed a very general creation of a conceptual model, which aligns with the overarching goal of providing a first step. However, the research has shown, that the critical service issues are bound to the value or the specific requirements the shipped products imply. Thus, a product or industry specific case study should be designed, in order to compensate this shortcoming. Furthermore, the shipping industry is a truly global business, where operations and hence service encounters are characterized by internationality. Thus, the investigation of German freight forwarders carries the risk of having identified regional phenomena and limits its generalizability due to cultural bias. Therefore, future research is encouraged in other regions, excluding the German market.

The above shows, that this research has been conducted, while being well aware of the limitations that are bound to every research. Nevertheless, considering the constrains, the goal was not to carry out an extensive study that covers all possible limitations but rather to provide a study that is adjusted to the limited possibilities and the given time frame. In addition, the goal was to provide a first step in the development of a conceptual model for service quality in the shipping industry and to initiate further research in this area. Thus, further research is not only indispensable but also desirable.

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Appendices

Appendix I - Interview Guide

Due to the fact that the interview guide was set up in consideration with the existing theory, it was first created in English and was then translated into German.

Questions:

1. On which basis do you evaluate and chose the shipping companies you work with? (Does service quality affect the customer loyalty and purchasing behaviour?)
 - a. How do you define a good service from a shipping company?
 - i. Which role plays the service received?
 - b. When are you satisfied with the service provided?
 - c. How would you describe the “ideal” service between a shipping company and a company like yours?

2. Can you describe a critical incident in which you were dis-/satisfied with the service encounter of a shipping line?
[Provide definition = Service encounter is defined as the meeting between the producer of the service (the shipping lines) and its users (the freight forwarder) at different touch points of the marketing, negotiation, delivery, and after-service process (Sundbo et al. 2015 p.257)]
 - a. Which factors influenced your dis-/satisfaction?
 - b. What were the results of your experience?

3. How do you perceive good contact personnel quality and which role does it play to you/your business?
 - a. Which difference does it make to you if the contact personnel is very knowledgeable about the service offerings of the company? / Has a lot of experience to offer?
 - b. How would you define/describe the motivation of the contact personnel to understand your situation/is eager to resolve a problem? (Which traits does this person show/which efforts does it make?) [Motivation to resolve a problem – understand a situation]
 - c. Did you come across a situation in which the shipping line contact personnel did not live up to previous made promises
 - i. What were the results of it?

4. Do you sometimes give suggestions to the shipping companies about improvements of their service? What do you wish they would change in their service encounter? What would make your live easier?

5. Do you expect / request individual attention from the shipping lines?

6. Does it ever happen, that a shipping company does not reply to an enquiry or a problem?
 - a. Which actions do you undertake in order to resolve this problem?
 - b. The trade industry is a truly global market – how would you describe the ideal availability of the service personnel – around the clock?

7. Which mode of communication do you use?
 - a. Does an effective and easy to use tool influence your perception of the shipping company?

8. Which measures do you apply in order to trust the shipping company with your order?
 - a. Have you ever come across an incident, in which you did not trust the other side completely? Maybe even have withdrawn an order?

9. What do you understand under the idea of a satisfactory problem handling?

Appendix II – Overview Expert Interviews

Name	Company	Position	Date	Method	Duration
Maike Dreß	Mardin Logistics	Branch Manager	16.06.15	Vis-à-vis	32 min
Silke Fischer	Leschaco	Global Account Manager	17.06.15	Vis-à-vis	65 min
Thomas Gauer	CGATE Logistics	Global Account Manager	17.06.15	Vis-à-vis	35 min
Michael Lorenz	International Freight Bridge	Import Department	17.06.15	Vis-à-vis	40 min
Franz Determann	BreLOG	Executive Partner	01.07.15	Telephone	25 min
Sven Schoon	ETS Transport und Logistik GmbH	Executive Partner	03.07.15	Telephone	32 min
Sascha Geib	Kerry Logistics	Export and Import Department	03.07.15	Vis-à-vis	25 min
Judith Ristow	GEFCO Bremen	Branch Manager	16.07.15	Telephone	22 min

Appendix III – Data Collection People Dimensions

Category	Sub – Categories	Statements	Source
Reliability		<p>“Once I booked a Flat Rack. And even though I booked it, I did not receive a booking confirmation. And then, one day before, they told me they do not have the equipment - yeah this was pretty heavy”</p> <p>“...if we have worked with a company for a long time or not is pretty irrelevant. What’s relevant is, that it works.”</p> <p>“I am a big fan of consequence-price ratio calculations. I rather pay a bit more, instead of having to deal with problems. So I can be sure, that the service I offer my clients actually works.”</p> <p>“I need reliable and easy reachable contact personnel at the shipping company we work with.”</p> <p>“When I have to choose between two companies and I know one of them is running in a transshipment, which means they may run by an extra location, then I would always chose the other.”</p> <p>“Reliability is next to the price and the time a very crucial factor, when choosing a shipping company.”</p> <p>“In the end, we are also a service provider and thus are dependent on the shipping companies. So if they do not deliver as promised, we cannot deliver as promised.”</p>	<p>(Dreß, 2015)</p> <p>(Fischer, 2015)</p> <p>(Gauer, 2015)</p> <p>(Lorenz, 2015)</p> <p>(Determann, 2015)</p> <p>(Schoon, 2015)</p>
Responsiveness		<p>“Sometimes you have to wait three weeks for a booking confirmation – others have already delivered the container by then”</p> <p>“Sometimes you have to do write five emails or you have to call them many times in order to just clarify a short thing”</p> <p>“With company XYZ we made very good experiences. They usually deliver a booking confirmation very quickly”</p>	<p>(Dreß, 2015)</p>

		<p>“When the price is somewhat the same and the other factors are also right, then I take the one where I know I do not have to call five times and where the service is very troublesome”</p> <p>“I want a booking confirmation within an adequate time – which is usually 48 hours”</p> <p>“What I really like is when I send out an email, and the other person is out office, due to various reasons, you get a response email, stating that the person is out of office and simultaneously informs you, who is responsible during that time. And in a perfect case, this emails also includes a telephone number.”</p> <p>“When we look for partners we can work with, we look also look for if they respond in an adequate time”</p> <p>“Even though we had a problem, and it should have been fixed rather quickly, we did not get a reply after 4 / 5 days. And then we discuss internally how we further proceed with this partner”</p> <p>“In order to provide the best service to our clients, it is vital that we have the right documentation at the right time. So we cannot wait for two, three weeks for a response”</p>	<p>(Fischer, 2015)</p> <p>(Lorenz, 2015)</p> <p>(Ristow, 2015)</p> <p>(Geib, 2015)</p>
Personnel Contact Quality	Assurance	<p>“When I try to find a logistic solution for my client, the most important factor is, can the company do it, then do they want to do it and after that, time and money become relevant issues.”</p> <p>“In the chemical sector, assurance is a critical factor. I have to be certain the carrier can deliver to the required standards as well commit to the additional work.”</p> <p>“Assurance is always part of trust. But one notices really quickly whether the shipping company is eager for the business or not. When you get quick responses with elaborated answers to the questions, then you can tell if they will do a good job or not.”</p>	<p>(Fischer, 2015)</p> <p>(Ristow, 2015)</p>
	Empathy	<p>“That’s something that makes the difference. There is a person I know, I like, I can work with them. That makes the difference.”</p> <p>“Some people might know what they are doing, but they lack the specific salesman skills. Those who are practical people with a hands on mentality, who are likeable/pleasant and can act deescalating.”</p>	<p>(Fischer, 2015)</p> <p>(Gauer, 2015)</p>

	<p>“Of course the previous experience play a very vital role. Sometimes you have shipping companies, where you have to deal with very arrogant service personnel. And then you have others which are very easy to work with. With those, you just send out the offers and everything works.”</p> <p>“When the client gives me free command, of course, then I use those which I like the most and especially, those, where I know everything works.”</p> <p>“Especially when you have to find a quick solutions you tend to call or email someone, you know and have a good interpersonal relationship with”</p>	<p>(Lorenz, 2015)</p> <p>(Geib, 2015)</p>
Experience	<p>“The longer the employee is in the business, the better he/she can provide information.”</p> <p>“Okay, then you realize the other person does not do the job for a long time and they have to check for further details. But in the end, this is not a [lit.] war-deciding [does not influence the outcome whether they do business or not]”</p> <p>“When we have a difficult product, I look for a carrier which I can work well with. With which I get along well and where you can pick up the phone and not only write emails with.”</p> <p>“Experience has become a very vital point. Most of the people in the shipping companies don’t even know what a ship is. They only know it from the TV or so.”</p> <p>“Experience is a factor. What I see is that recently we really have problems with the new generation. They take a very long time to get used to the system.”</p> <p>“Experience is a very helpful factor because it can speed up the process, since experienced employees often know short cuts”</p> <p>“Experience in this line of work is crucial. It helps to speed up processes. Experience often goes along with authority and thus, these people can make quicker decisions.”</p>	<p>(Dreß, 2015)</p> <p>(Fischer, 2015)</p> <p>(Lorenz, 2015)</p> <p>(Determann, 2015)</p> <p>(Schoon, 2015)</p>

	Knowledge	<p>“I like to work with company XY, they have a very well trained staff, which also has a very polite form of communication, and moreover, they are very reliable.”</p> <p>“Yes of course do contacts exist which are not very helpful. This might be due to their lack of knowledge or due to sympathy reasons. “</p> <p>“Nowadays, you often come across that the wrong people are in the wrong positions. The people tend to think too complicated, because they lack the knowledge and the experience. Thus they do not see the obvious solution. And then you catch yourself thinking: aah lets rather not work with them. They can do the 0815 (standard) things, but when it’s getting a bit more complicated, we rather do it with someone else”</p> <p>“When we talk about political things, it is very important to have a contact person who is able to see the big picture and has the authorities to intervene cross sectional and is in contact with the offices abroad”</p> <p>“Sometimes, the difficulties lie in the smallest detail. And when the person on the other side has never been in contact with this detail or uses normally a different system, then it is not their fault. And then I am not mad at them”</p> <p>“A lack of experience does not necessarily mean that the other person is not knowledgeable. Thus, one cannot say that experience per se is an important criterion. However, knowledge is very crucial. The contact person should know everything related to the designated shipping area. Thus, should be able to answer our questions.”</p> <p>“Personally, I find it always a bit awkward when you know more than your counterpart at the shipping company and you then have to tell them to check this or that.</p>	<p>(Fischer, 2015)</p> <p>(Gauer, 2015)</p> <p>(Lorenz, 2015)</p> <p>(Ristow, 2015)</p> <p>(Geib, 2015)</p>
Flexibility		<p>“In general, the bigger the shipping company, the longer the procedures. They are obliged to more rules and therefore, they can’t do something spontaneously, in between two things – this is not the way it works”</p> <p>“Too many chefs ruin the meal. We tried to change the final destination of a container. And even though the ship stopped there anyway, it took four weeks to change that and even more, there were</p>	<p>(Dreß, 2015)</p> <p>(Fischer, 2015)</p>

	[Outsour.]	<p>people involved from USA, Canada, China and Germany. I had to talk to a person in Hamburg, who simultaneously skyped with a person in China, who then had to confirm the new booking in the system.”</p> <p>“Often it is way more complicated than it should be”</p> <p>“So, when I can be spontaneous and would like to take off the container tomorrow, then it does not work, because I have to wait until somebody in India or Korea has typed it into the system and has generated billings account.”</p> <p>“In many companies structures are very similar to politics. Everyone tries to avoid taking over responsibility and do not want to be the one responsible for a problem. Therefore, the staff empowerment is reduced heavily and each step has to be secured by another step.”</p> <p>“Because the shipping companies get bigger and bigger, the procedures get slower and slower. This leads to the fact that the personal service gets lost, meaning that spontaneous bookings or changes are hardly possible because everything takes too long.”</p>	<p>(Gauer, 2015)</p> <p>(Determann, 2015)</p> <p>(Schoon, 2015)</p>
Process Quality	Information Quality	<p>“In general I find the service quality very high. But, and this what’s differentiates the shipping companies, some are very open and provide you with every information you need and then others they do nothing.”</p> <p>“Sometimes they [the shipping companies] tell you to look on their website. And then you have to scroll your way through amounts of data. That is very time consuming”</p> <p>“Company XY for example, they appeared to have a very low freight rate to Asia. But after a couple of steps through the booking process, they charged an industry unusual high Terminal Handling Charge. Which then lead to a very bad freight rate. This obviously, is very annoying, because you have to start with another shipping company again.”</p> <p>“During the time of the conferences each conference had similar price and you would know which conference had which price. Nowadays, the prices vary and some of the companies promote low freight rates, but eventually you have to pay horrendous fees for harbour handling for example, which</p>	<p>(Lorenz, 2015)</p> <p>(Gauer, 2015)</p> <p>(Geib, 2015)</p>

		then outweighs the initial good price. But figuring this out cost me a lot of time, in which I could get other work done, which is pretty annoying.”	
	Documentation Quality	<p>“The outsourcing of the documentation results in bad quality of the documents”</p> <p>“If the documentation is not correctly executed by the shipping company, I might get in contact with them two or three times, but when it is not fixed by then, I lose my patience and look for a company that is able to create a sufficient supply chain.”</p> <p>“It is very important that the documentation process works flawless. For example, when I have a transport which usually takes two weeks, the shipping company cannot take 8,9, or 10 days to check the documents. This is one of the factors which is war-deciding.”</p> <p>“In order to be able to provide efficient services, a good documentation quality is essential. Unfortunately, this is not always the case. Sometimes, even highly important documents are send back to us, even though they contain crucial mistakes, wrong rates or similar. Which then results in extra work for us, having to contact the company again.”</p>	<p>(Dreß, 2015)</p> <p>(Fischer, 2015)</p> <p>(Gauer, 2015)</p> <p>(Schoon, 2015)</p>
	Ordering Procedures (Online Tools)	<p>“The problem with the online tools is, that they are constructed by IT people and thus do not derive from the reality. Therefore, they do not consider logical steps and thus create more work for us. That becomes really annoying.”</p> <p>“A critical point, are the online tools and the required information. Each company uses a different tool and every time we have to search the information. Then, the data might not be there, then we have to wait and so on.”</p> <p>“We have already booked sometime with other companies in order to avoid online tools. When we need a fast solution and reliable service, then a small price difference is not so important.”</p> <p>“The difficulties with the online tools is a bit annoying and it can take up a few weeks until one gets the registration code. But this does not affect my perception of a company.”</p> <p>“It always takes time to get used to a new system. And since every company uses a different tool, each has its own little tricks you have to get used to. That can be quiet frustrating at the beginning.”</p>	<p>(Dreß, 2015)</p> <p>(Lorenz, 2015)</p> <p>(Determann, 2015)</p> <p>(Ristow, 2015)</p> <p>(Geib, 2015)</p>

Discrepancy Handling	<p>“After we resolved our dispute with company XY they did not admit their mistake or even consider apologizing to us. And this would have been the least they could have done, after all the trouble we had because of them.”</p>	(Dreß, 2015)
	<p>“When there is a problem with the delivered material, and even though they promise to fix it, and they cannot deliver or send faulty equipment again, then I stop the work with them effective immediately and look for some other company.”</p>	(Fischer, 2015)
	<p>“In general the service is comparable to those in a town hall/municipally bureau. Very stiff and many different, and slow steps.”</p>	(Lorenz, 2015)
	<p>“I define good discrepancy handling, when the people we are in contact with show pro-active behaviour and are eager to solve the problem and get back to us as soon as possible.”</p>	(Determann, 2015)
	<p>“When dealing with problems, many shipping companies try to off-set their stiff structures by personalised and dedicated service.”</p>	
	<p>“Especially, the way how a company deals with problems can also foster the relationship. We once had an example, where a problem occurred. However, due to the flexibility of the staff and their hands on mentality, the problem could be fixed, without our customer noticing anything. And that is something that builds and also fosters the relationship with a shipping company.”</p>	(Ristow, 2015)
	<p>“Of course problems can occur. But when the shipping company is not taking any effort to resolve the problems, we put them on a black list, and then we try to avoid these companies when possible”</p>	
	<p>“The way a company deals with problems is very important to us. Because, it can always happen that something goes wrong, but then a fast and uncomplicated solution has to be reached.”</p>	(Schoon, 2015)
<p>“A good services for me differs in the fact how companies deal with problems. When a problem occurs, I find an accommodating attitude very important. And when that is the case that is something I remember.”</p>	(Geib, 2015)	

<p>Contact with contact personnel</p>		<p>“Good contact personnel is when they state their direct telephone number and you can avoid going through the hotline.”</p> <p>“It is definitely more comfortable when you have a contact person on site who you can contact”</p> <p>“Due to the outsourcing, there are too many people involved and thus, the one person does not know what the other one is doing”</p> <p>“When I have a special product/client which requires a good service, I look for a partner, where the price-performance ratio is good and where I receive a dedicated service. If I have a 0815 (standard) product, I can ship it with a 0815 (standard) company.</p> <p>“I like to work with companies, where I have a contact office, with which I can talk to and where we have a friendship like base.”</p> <p>“There are too many interaction points in the companies. I send a booking to the company and then somebody in Asia does the documentation. But when I have a problem, and call the service centre in Germany, they don´t know what I am talking about. And then they have to talk to someone in Asia and so on.</p> <p>“When comparing shipping companies with each other, I find it very important to have a direct contact partner or a fixed group of designated contact people. So you have the chance to just pick up the phone and get direct into contact.”</p> <p>“Another good service is close contact to the customers and efficient IT solutions. For example, company XY did not outsource all their procedures and try to work more efficient with less people from here. Moreover, they created a data-cloud, where you can upload your request and download the completed documents.”</p> <p>“Besides fast replies, I also define good service when we have a fixed contact person, who can help us directly, when problems occur.”</p>	<p>(Dreß, 2015)</p> <p>(Fischer, 2015)</p> <p>(Gauer, 2015)</p> <p>(Determann, 2015)</p> <p>(Ristow, 2015)</p>
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Outsourcing		<p>“Many Shipping Companies outsourced their documentation process. Thus, if you have any remarks you have to send it to India. But the person does not understand your remarks and then you end up sending it back and forth four times. Then it would be way easier if you had someone in the head office who knows what is going on and you could contact directly”</p> <p>“It becomes very exhausting when they do not understand the simplest things. Moreover, when you have three questions, they usually only answer the first. Then you have to re-send the second and the third questions. This leads to more work for us, thus the service becomes worse”</p> <p>“Nowadays, the computer programs are targeted to simplify the work to a standard that everybody can do them. Therefore, the staff is not trained enough anymore. And when there are obvious faults in the document, they do not see them. Which then leads to extra work for us.”</p> <p>“The problem is, they try to design the workflow in such a manner a monkey could do them. Unfortunately, they do not do this because they want to make the work faster and more secure. No, they do it simply due to profit maximisation. But they haven’t realized that a computer cannot solve the problem when one occur. When a problem occurs, it is crucial to find a quick and easy solution.”</p> <p>“I define good service of a shipping company when they do not outsource all their processes. Many have outsourced all their documentation and billing to India. And what we get back is full of mistakes. With some companies we have to send back every second or third document. And this leads to more work for us and consumes more time.”</p> <p>“Usually, outsourcing should make a company more efficient. But in many cases it is the contrary. It often means more work for us, because the many mistakes the documents contain and way more waiting time. Due to the fact that some guy somewhere on the other side of the world is dealing with your requests hinders the possibility to deal with problems just in between really quick.”</p>	<p>(Dreß, 2015)</p> <p>(Fischer, 2015)</p> <p>(Gauer, 2015)</p> <p>(Determann, 2015)</p> <p>(Schoon, 2015)</p>

Appendix IV – Outcome Dimensions

Category	Sub – Categories	Statements	Source
Price		<p>“When the price is a bit higher, let’s say around 50 Dollars, then it is ok. But there is something like a limit. Where you have to ask yourself, do I want the good service or do I want the cheapest and the most of the clients want cheap.”</p> <p>“In general, price is the key factor, because, eventually you have to sell it as well.”</p> <p>“Of course, for the most customers, the price is decisive factor.”</p> <p>“In the end, the price is always the decisive factor. And when you want a low price, you have to deal with low service quality. Thus, it makes a difference, what kind of product you want to ship. When you ship high-end products, you look for good quality service. But for plastic imports from China, 50 Dollar more or less can be a decisive factor.”</p>	<p>(Dreß, 2015)</p> <p>(Lorenz, 2015)</p> <p>(Determann, 2015)</p>
Availability		<p>“Especially in the chemical industry, the availability of certified vessels, which can carry our products, is a very crucial factor.”</p> <p>“We look, who has the right equipment, the right ships, fitting departures times, do the harbours fit, and then we look further...”</p> <p>“Good services starts with the right hardware. That means the availability of equipment, including quality and distribution. The second part is the vessel itself. Good vessels are those who do not do super slow-steaming, which work without any problems and thus are able to oblige to the schedule.”</p> <p>“For example company XY, they do not have a hinterland depot for empty container. Thus, you have to organise and especially pay for the backhaul to one of the harbours. And of course you then try to avoid the extra costs and the extra work”</p>	<p>(Fischer, 2015)</p> <p>(Gauer, 2015)</p> <p>(Lorenz, 2015)</p> <p>(Geib, 2015)</p>

		<p>“When we evaluate which company to use for a client of ours, their departure times need to fit. We often ship intermediated goods, which are needed somewhere else to complete the product. Thus, they need the products in order to proceed with the production.”</p>	
Timliness		<p>“With company XY, I can be 100 % sure that they deliver good service. They are a bit more pricy but they deliver excellent service and are transparent. When I want to book them, but maybe even have to wait a little longer, I still chose them and rather wait a bit.” [good Service > timeliness]</p> <p>“A crucial part in delivering good service is the compliance to the schedule. Even though this is the difference from the liner shipping to the tramp shipping, it cannot be taken for granted these days.”</p> <p>“Another factor is also, how often the freight has to be transhipped and thus how long it takes”</p>	<p>(Fischer, 2015)</p> <p>(Gauer, 2015)</p> <p>(Determann, 2015)</p>