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**EVALUATING CUSTOMER SATISFACTION IN
SERVICE QUALITY**

Case: Kuehne + Nagel Forwarding Company, Vietnam

Thesis

**CENTRAL OSTROBOTHNIA UNIVERSITY OF APPLIED
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Thesis Abstract

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<p>Quality of services so far is always the issues that all the marketers as well as any businesses care about because of its intangible, complicated and unmeasured nature. Acquiring the satisfaction from customers by the quality of the company's business services is the only mean for existing and developing of any enterprises.</p> <p>This thesis focused on the research of customer satisfaction in order to evaluate shortcomings, existing issues, the quality of services provided by the Kuehne + Nagel Forwarding Company in Vietnam as well as the factors influencing to the customers' evaluations and considerations for confidence of a freight forwarder. Besides those strengths or competitive advantages indicated by the survey foundation, there were some suggestions for improvement in the services and operational systems to the company based on negative feedback and comments. Moreover, thorough the content of thesis, it obviously referred to theories and literature related to customer relationship management and freight forwarding industry.</p>		
Key words: customer relationship, customer satisfaction, freight forwarder		

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1 INTRODUCTION

Production and consumption are the two core components of economic systems and both are interrelated through conventional supply - demand relationship. However, since the appearance of goods produced until now, transportation which is responsible for distribution and circulation of goods has always played the role as a key chain of production systems. Trading and transportation are two industrial fields which have close relationship and support each other. Transportation accelerates the process of exchange of goods between regions and across the world; while trading is a condition of transportation's forming and developing. Transportation has an important role in the circulation activity of goods which contributes to social development. With the increasingly complex global business scenario and reduction of trade barriers, more and more companies are looking future business, add value to their activities and give access to global markets. As a consequence of globalization, international trade has grown, including a wide variety of services as well as a high demand in logistics and freight distribution. Therefore, freight forwarding industry was formed and strongly developed and the role of the freight forwarder becomes increasingly important for these companies. (Rodrigue, Comtois & Slack 2009).

Freight forwarders are intermediary companies involved in logistics. Their task is to manage all functions involved in transport after the buying process of merchandise is complete. Freight forwarding industry can provide a range of key services to traders, taking over on your behalf many of the responsibilities involved in transporting your goods around the world as quickly, securely and affordably as possible. (Kokkinis, Mihiotis & Pappis 2006, 65.)

Not only arranging transport of your cargos – whether by air, sea, road or rail – but also freight forwarders frequently provide other services in areas such as customs clearance, export documentation and insurance. They often offer

distribution, warehousing, packaging and other supply-chain services. Most forwarders will take over specific parts of the process of your cargos, and can often offer control of the entire transport process. Many transport and logistics operators also offer freight forwarder services. (Kokkinis et al. 2006, 65.)

1.1 Aim of the thesis

In the process of administrative reform, in order to approach the point objective of any business – maximizing profit, the quality management system is considered to be very necessary and should be based on the motto “non-stop improving” which involves improving in operational progress, services/products quality and customer satisfaction. (Peppers & Rogers 2004, 2-3.)

Without customers, a business has no existence. Therefore, the satisfaction of customers is not only an oriented business mission but also a measurement of evaluating the efficiency and effectiveness of business operation systems as well as the quality of services/products. Although new customers are important, existing customers in good relationship and fulfilled satisfaction will help to generate customer loyalty. With each satisfied customer, your business is likely to win many more customers through recommendations and remember. Moreover, if you are not taking care of your customers, your competitors will. (Peppers et al. 2004, 2-3.)

Kuehne + Nagel Company is a business in freight forwarding industry and its customers are importers and exporters. The products that the company provides to its customers are transportation services and other related ones. Kuehne + Nagel is a profit business organization, hence it also needs to keep improving business in the services/ products provided, business operations as well as the customer services. Consequently, the writer did a

customer satisfaction survey among Kuehne + Nagel's existing customers with the purpose of evaluating the shortcomings and existing issues of the Kuehne + Nagel Company located in Vietnam via acknowledging the customers' satisfaction and feedback about company's services. And from that foundation, the company will have an insight of its own situation; establish customers' expectations so that some suggestions in the services and operational systems will be given.

1.2 Methodology

Scientific research is the process of seeking knowledge generalized which is applicable to explain a variety of phenomena. To do that the researchers must determine the "source" which can collect the appropriate data. Once the source has been identified, researchers must collect the data collection technique which allows harvesting the best of data. Researchers should use an appropriate method depending on the type of data collected. (Research Methods and Writing Research Proposals 2010.)

Qualitative research is an approach of describing and analyzing culture characteristics and behaviors of the human or groups from the perspective of researchers. Qualitative research provides comprehensive information about the characteristics of the social environment where research is conducted. Social life is considered as a sequence of events closely associated with each other that should be described fully to reflect the actual daily life. Qualitative research is based on a flexible research strategy and taking into account of dialectic. It is conducted to clarify problem definition, to prepare for more formal research or to gain insight when more formal research is not necessary. (Zeithaml et al. 2006, 143.)

Quantitative research in marketing allows analysis and evaluation of the psychological impacts on spending of consumer behavior. Questionnaire of

the quantitative methods is usually shorter, more specific than the qualitative ones and it only focuses on the elements which contain the greatest amount of information to explain the behavior of research's subjects. That is one fundamental difference between quantitative methods and qualitative methods. (Zeithaml et al. 2006, 146.)

The methodology in the thesis research is conducted with both qualitative and quantitative research methods, which uses secondary and primary data. Secondary data was collected mostly from the internet websites, some books and also journals existing in the Central Ostrobothnia University's library. The information is related to the literature of freight forwarding industry and customer relationship management.

Primary data was collected from the information of questionnaires contributed to the target participants. The questionnaire was conducted by Human Resource Manager of Kuehne + Nagel Vietnam. It was designed in both English and Vietnamese languages with ideas significantly based on the objective of customers' evaluations on the effectiveness and efficiency of company's services and operational systems. The questionnaires were sent to the top 51 customers of Kuehne + Nagel Viet Nam via email or fax on the beginning of July 2008.

The data of customer satisfaction survey were likely not simple to collect promptly and sufficiently. Although there were some recipients that responded promptly, almost all customers who received the questionnaire were reminded a couple of times and sincerely asked to take part in the company's survey. Finally, the total amount of respondents was 37/51 with relatively high rate 76 %. There were 14 customers that did not respond or give feedback after trying to keep contact with them.

As the matter of fact that this customer satisfaction survey was the first one carried out by Kuehne + Nagel in Vietnam and the company did not have

any technique or software for analyzing data; hence, the collected data were analyzed by Microsoft office excel program.

2 FRAMEWORK ON CUSTOMER SATISFACTION

Customer satisfaction is a key factor which brings success to a business. To find out about what customers are satisfied with a company's business in order to discover wherein the company's services/products or operation should be improved; this helps the company's business to always meet customers' demands and expectations.

2.1 Evolution of customer relationship

A person in the future can become a customer or partner of a company, the process of building relationship has to go through several stages over the time: attracting, setting, building, developing, maintaining, strengthening and loyalty. Likely any social relationship in life, relationship between a company and its customers also evolves initially from the first level – strangers. The strangers are those customers who have never consumed or purchased any service/ product of the company, or on the other hand, there is no any relationship between the customers and company. Therefore, the company has to do its best efforts to approach those potentially strange customers in order to introduce about the company, give them a conception and perception of company's existence as well as its services/ products offered; besides, encourage the "strangers" to have a try on them. (Zeithaml et al. 2006, 178.)

As soon as approached by the company, a strange customer at the beginning is now acquainted with the company brand as well as its services, products and operational business. If there is a satisfaction in necessary needs or quality demands which are considered better than any other company's competitors, the customer will tend to change the consumption

habit, substitute the previously usual service/product by current company's one with greater value and benefits. (Zeithaml et al. 2006, 178-180.)

The consumption of acquainted customer's still keeps continuing to receive value in the exchange relationship. In order to develop customer-company relationship to higher level, the company has to discover and acquire more specific knowledge of customer's needs, whereby then offering to customer the uniqueness. At this stage, the customer is now transformed from acquaintance to friendship level in exchange relationship. The company has to not only maintain the relationship but also try to find out and offer more the uniqueness. The greater belief of customer in the uniqueness offered is, the more solid customer-company relationship is, which also means loyalty formed. Customer at this stage is considered as a partner who is less sensitive in any small changes or unremarkable problems occurred in company. That loyalty translates into profitability. (Zeithaml et al. 2006, 180-182.)

2.2 Focus on the customer

The two concepts – customer expectations and customer perceptions – play a major role in services marketing. Customer expectations are what a customer needs and expects from a company that are the driving force behind the customer's behavior. Expectations or needs are not just about product usage, but about an expanded need set or the combination of product, cross-buy product and service opportunities, delivery channels, communication style and channels, invoicing methods and so on. In a relationship, what the company most wants is to influence the customer's behavior in a way that is financially beneficial to the company. Therefore, understanding the customer's basic need is critical. (Zeithaml et al. 2006, 81-95.)

While customer perceptions are subjective assessments of actual service experiences. Perception is the process by which people select, organize and interpret information to form a meaningful picture. To retain its most valuable customers, the company must know those customers' needs and act on them. The key to building profitable relationships is developing an understanding of how customers are different in terms of their needs, and how such needs-based differences relate to different customer values, both current and potential. (Zeithaml et al. 2006, 106-109.)

The consumer's choice results from the complex interplay of cultural, social, personal and psychological factors. Although many of these factors cannot be influenced by the marketer, they can be useful in identifying interested buyers and in shaping products and appeals to better serve their needs. Marketers have to be extremely careful in analyzing consumer behavior. (Zeithaml et al. 2006, 53.)

The buying process starts with *need recognition* – the buyer recognizing a problem or need which could be involved physiological needs, safety and security needs, social needs, ego needs or self-actualization needs. At this stage, the marketer needs to determine the factors and situations that usually trigger consumer need recognition. The marketer should research consumers to find out what kinds of needs or problems arise, what brought them about and how they led the consumer to a particular product. By the gathering such information, the marketer can identify the stimuli that most often trigger interest in the product and can develop marketing programs that involve these stimuli. (Zeithaml et al. 2006, 53-55.)

An aroused consumer may or may not search for more information. If the consumer's drive is strong and a satisfying product is near at hand, the consumer is likely to buy it then. If not, the consumer may simply store the need in memory or undertake an *information search* related to the need. The consumer can obtain information from any of several sources:

- Personal sources: family, friends, neighbors, acquaintances.
- Commercial sources: advertising, salespeople, dealers, packaging, displays.
- Public sources: mass media, consumer-rating organizations.
- Experiential sources: handling, examining, using the product.

The relative influence of these information sources varies with the product and the buyer. As more information is obtained, the consumer's awareness and knowledge of the available brands and features increase. The marketers should identify consumers' sources of information and the importance of each source. (Zeithaml et al. 2006, 55-56.)

Alternative evaluation is how the consumer processes information to arrive at brand choices. How consumers tend to evaluating purchase alternatives depends on the individual consumer and the specific buying situations. In some cases, consumers use careful calculations and logical thinking. Sometimes consumers make buying decisions on their own; sometimes they turn to friends, consumer guides or salespeople for buying advice. Marketers should study buyers to find out how they actually evaluate brand alternatives. If they know what evaluative processes go on, marketers can take steps to influence the buyer's decision. (Zeithaml et al. 2006, 57.)

In the evaluation stage, the consumer ranks and forms purchase intentions. Generally, the consumer's *purchase decision* will be to buy the most preferred brand. The consumer may form a purchase intention based on factors such as expected family income, expected price and expected benefits from the products. A consumer's decision to change, postpone or avoid a purchase decision is influenced heavily by perceived risk. The amount of perceived risk varies with the amount of money at stake, the amount of purchased uncertainty and the amount of consumer self-confidence. A consumer takes certain actions to reduce risk. The marketer must understand the factors that provoke feelings of risk in consumers and

must provide information and support that will reduce the perceived risk. (Zeithaml et al. 2006, 57-58.)

2.3 What is Customer Satisfaction?

“Everyone knows what satisfaction is, until asked to give a definition. Then, it seems, nobody knows.” – quoted from Richard L. Oliver, the respected expert and long-time writer and researcher on the topic of customer satisfaction. Building from previous definitions, Oliver offers his own formal definition: “Satisfaction is the consumer’s fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provides a pleasurable level of consumption - related fulfillment.” (Zeithaml et al. 2006, 110.)

2.4 What determines customer satisfaction?

Customer satisfaction is the element to measure the successfulness of a business. Obviously, one of the challenges in severely marketing competitive environment is bringing to customer the satisfaction. This is not only the issues of product’s characteristics or price but also the encounters of service quality, convenient, image and responsibility, which become more and more important. As a premise, customer satisfaction is clearly a worthwhile and useful goal for any company to try to achieve. Customer satisfaction is influenced significantly by specific product or service features, perceptions of product and service quality and price. It is the relative value to customer of what is supplied compared with the satisfaction of purchases from other companies. In addition, personal factors such as the customer’s mood or emotional state and situational factors such as family member options will also influence satisfaction. In order to gain the satisfaction from customers effectively, it is necessary to understand their needs, demands and

expectations. High level of customer satisfaction is the primary goal which all companies try to approach. This is the best way to attract and maintain relationship with customers. Loyal customers with high satisfaction are less sensitive and aware of finding an alternative service/product. Consequently, current customer's friends, partners and relative will also get perception of company's business via their daily usual talks. (Zeithaml et al. 2006, 110-112.)

The relationship of company and its customers will be created on the following key factors such as trust, customer satisfaction, delivered value, effective communication and social ties. The trust is considered as the major factor in the relationship. Customer's trust is usually based on the capability or skills of business, proficiency of company's staff. Customers are very sensitive and susceptible, so the trust is an important factor to help consumers and companies to continue trading and business relationship. Not many customers who are satisfied with the current service/product turn back to the company or product's brand. Therefore, the customer satisfaction is the factor which is always specially cared and focused during the operational time of business. The delivered value in the customer-company relationship is determined by the distance between received benefits and spending costs. Loyal customers often expect an appropriate price level while still requiring values from the relationship like appreciated, recognized as regular customers as soon as initially entering business transaction with company, company's staff with clear understanding their expectations and creating their benefits during the relationship. Effective communication is known as a method of sharing information between customers and company. A good communication includes transferring of understanding, offering and meeting customers' needs and demands promptly. A clear understanding of provided services/products also maintains and rears the customer-company relationship. Moreover, social ties, or in other words, social relationships in life outside of business can lead to a strong commitment. Exchanging information during the social life

creates and builds relationship between the customers and company. This helps to set up a long-time commitment in customer. (Zeithaml et al. 2006, 183-187.)

3 OVERVIEW OF FREIGHT FORWARDER

An overview of freight forwarding industry knowledge will help the reader to get more ideas about the meaning as well as the functions of a freight forwarder. The writer also refers to the criteria of evaluating a freight forwarder in significantly choosing as a partnership in doing business regarding for the traders.

3.1 Definition of Freight Forwarder

Although there are many arguments about the definition of an international freight forwarder, most definitions imply that a freight forwarder plays the role of the intermediary in international transport. A freight forwarder is the party that facilitates the movement of cargo to the overseas destination on behalf of shippers and processes the documentation or performs activities related to those shipments. Forwarders have an advantage in their variable cost structure, as they do not own or operate fixed transportation assets. They can react quickly to changing market conditions. The flexibility of the forwarders' service offerings through doing business with many different carriers enables them to offer a wide range of transportation modes. (Kokkinis et al. 2006, 65.)

The most complete definition is given by the international organization FIATA (Federation Internationale des Associations de Transitaires et Assimiles), according to which: "The freight forwarder is a company which provides services of freight forwarding on behalf of a customer. These include transport, regrouping, storage, management, packaging and the distribution of cargos as well as auxiliary and advisory services regarding issuing and managing documents, customs facilitations, declaring cargos to the

authorities, the insurance of merchandise, collecting and paying freights". (Kokkinis et al. 2006, 65.)

3.2 Role and functions of Freight Forwarder in the international trade

Traditionally, the role of freight forwarder was simply to undertake transportation on behalf of exporting companies. However, they must now provide a whole range of additional services to keep up with the competition. (Weiss 2002, 147)

Generally, freight forwarding services involve any kind relating to the carriage, consolidation, storage, handling, packing or distribution of the goods/cargos/ shipments as well as ancillary and advisory services in connection therewith, including but not limited to customs and fiscal matters, declaring the goods for official purposes, procuring insurance of the goods and collecting procuring payment or documents relating to the goods. Freight forwarders are likely the travel agents of international trading. They identify and book the best routes, modes of transport and specific carriers for customer's cargos based on customer's requirements. The role of a freight forwarder is to help importers and exporters to transport their goods. (Jiménez 1997, 170-171.)

The international freight forwarder has long been recognized as one of the key logistical intermediaries for facilitating cross-border trade. Because of their expertise in various aspects of cross-border trade, the freight forwarders tend to be utilized by most companies to facilitate their cross-border shipments. Except for the main function, freight forwarders typically provide a wide range of other related services. The freight forwarder advises the exporter on the most economical choice of transportation and the best way to pack and ship the cargo to minimize cost and prevent damage; and books for air, ocean or land transportation and arranges for pickup, transportation and delivery of goods. The forwarder also ensures that the

goods are properly packed and labeled and documentation requirements are met so the cargo is cleared at the port of destination. When a letter of credit is used, the forwarder ensures that it is strictly complied with to enable the exporter to receive payment. Thus, the advantage of a forwarder goes far beyond moving freight. Forwarders help shippers and consignees by tracking and tracing cargo. They can also negotiate better rates with carriers because they can purchase space on airlines or ships at wholesale prices. The wide array of services they provide also helps shippers save time and money. (Kokkinis et al. 2006, 65; Baluch 2010.)

3.3 Criteria for choosing a freight forwarding company

Many researches have examined factors or aspects of the service which are considered to be important in the choice of a freight forwarder. The relationships between service choice factors take the form of a hierarchy or prioritization of service choice factors. In purchasing a freight transport service, the buyer is attempting to fulfill certain criteria relating to individual needs such as that a service with a short transit time may be required for a particular shipment. These choice criteria may be represented as benefits which the buyer wishes to gain from the purchase of the freight transport service. (Kokkinis et al. 2006, 65-68.)

Reliability regarding on time of receiving and delivering goods/shipments is the most important criteria of customers' choice. As the reason that reliability does not only affect on business of freight forwarder, but also strongly impact on the business of its customers who are international traders. This indicates that the reliability of freight forwarder reflects the prestige of their customers. Criteria of transport safety and global network or world-wide operational business scale of the freight forwarder, which are factors involved in the freight forwarder's reliability, also influence customers' freight forwarder choosing decision. The total cost of transport is the next important factor in

the customers' criterions. As the matter of fact that all the international traders seek low freight transport prices for maintaining their competitive advantages and approaching profitable opportunity in transportation costs. Flexibility to changes of customer requirements and staff's professional skills are also the factors supporting freight forwarder to gain attraction of customers. (Kokkinis et al. 2006, 72-79.)

In general, the most important factor in choosing a shortlist of freight forwarders should be their experience with the routes and goods that the customer's business deals with. For example, if the customer transports goods that need refrigerated containers, the freight forwarders' references should be considered with similar needs. Besides, there are many other things that a trader should find out for his freight forwarder candidates, including other various ancillary services provided and chargeable cost for them, how reliable and professional they are and the overall cost for their services. (Kokkinis et al. 2006, 72-79.)

4 OVERVIEW OF KUEHNE + NAGEL FORWARDING COMPANY

The following is going to introduce some general information or the background of Kuehne + Nagel Forwarding Company. The introduction of company will give the readers the overall of various services provided by Kuehne + Nagel as well as explore its advantages and strengths comparing to the competitors in the freight forwarding industry market.

4.1 Background of Kuehne + Nagel Forwarding Company

Kuehne + Nagel Forwarding Company was originally found in Bremen, Germany in 1890 by August Kuehne and Friedrich Nagel. The company has grown into one of the world's leading logistics providers. Kuehne + Nagel's superior service and integrated end-to-end supply chain management solutions help the customers turn their logistics challenges into a real competitive advantage. The company has more than 55,000 employees and global network of 900 offices in more than 100 countries. The services that Kuehne + Nagel provide involve:

- Sea freight: the company is the number 1 global forwarder with extensive partnerships with preferred ocean carriers.
- Air freight: is the top 4 global forwarder; leader in innovative air cargo management with global Cargo 2000 Phase 2 Certification.
- Road & Rail Logistics: wide range of pan-European overland transportation capabilities, including dedicated and individual delivery services; Close partnerships with best-in-class carriers.
- Contract Logistics: is top 3 global contract logistics provider with extensive network of logistics facilities worldwide and keep investing in hardware and process improvement.

Kuehne + Nagel also provide logistics services to key industrial sectors, including: aviation, automotive, fast-moving consumer goods, forestry products, retail, oil & energy, pharmaceuticals & healthcare, high-tech,

industrial, etc. (<http://www.kn-portal.com/services/>; <http://www.kn-portal.com/industries/>)

4.2 Why choosing Kuehne + Nagel

Kuehne + Nagel's experience, proven in well over one century, helps them to understand customers' supply chain challenges and develop, implement and manage solutions to meet them. The customers are served by the Global Logistics Network, the company's extensive offices and distribution facilities, staffed by Kuehne + Nagel professionals who are logistics experts, speak the local language and understand the local culture. (http://www.kn-portal.com/about/why_kuehne_nagel/)

Kuehne + Nagel makes ongoing investments in staff, software and hardware, as well as continuous improvement of information technology (IT) capabilities to meet customers' requirements. Especially, KN Login – the Web-based visibility which is monitoring and reporting solution, enables proactive management of customer's supply chain through improved end-to-end visibility and dynamic, intelligent exception alerting. (http://www.kn-portal.com/about/why_kuehne_nagel/)

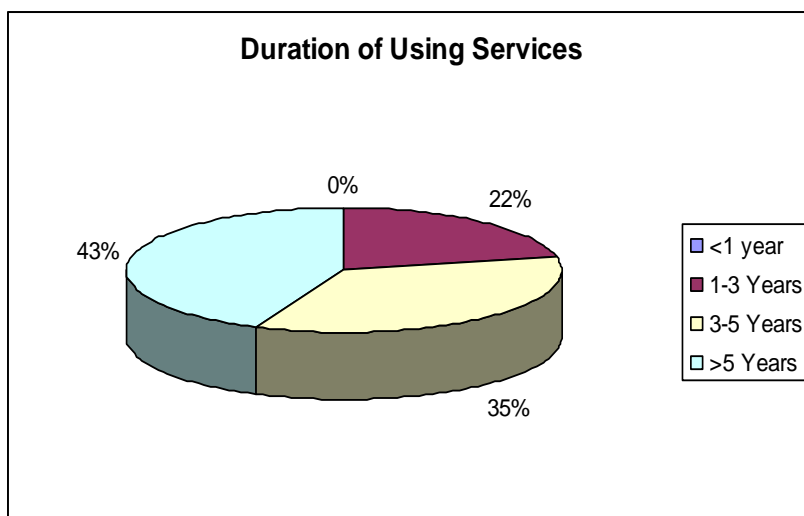
Moving goods globally, from factory to destination, Kuehne + Nagel is able to match the physical flows with near-real-time information via KN Login on the status of inventory, shipments, orders and order lines down to the product ID. (http://www.kn-portal.com/about/why_kuehne_nagel/)

5 ANALYZING THE SURVEY

The purpose of a designed questionnaire was that pointing out what are the strengths and weaknesses of Kuehne + Nagel Company in Vietnam. Totally, there were 9 questions with layout as clear and simple as possible in order to make an ease and comfortable feeling for those participants when receiving and taking a look at the questionnaire. The questionnaire also included an open question at the ending for the customers giving feedback about the service performance and suggestions for service improvements.

Although Kuehne + Nagel in Vietnam has several hundreds of customers, according to requirement and purpose of this survey's supervisor who is the Human Resource Manager of Kuehne + Nagel Vietnam, only 51 customers who were the top loyal customers were chosen from the company's customer system to take part in this survey.

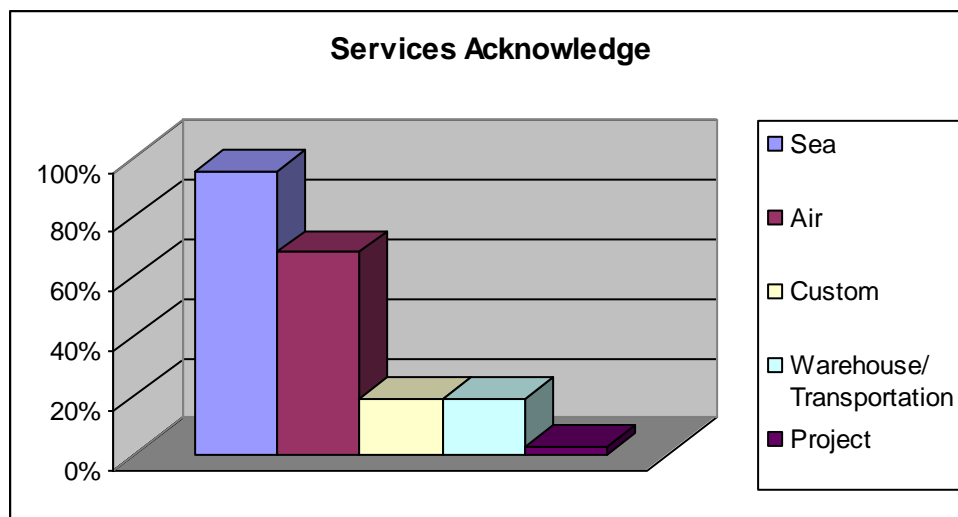
Graph 1 below explores result for the first question "How long have you been using the services of Kuehne + Nagel International?"



GRAPH 1: Duration of Using Services

In order to obtain the confident evaluation, a customer list was collected from the ones doing business with Kuehne + Nagel through in long duration of years: 22 % from 1-3 years; 35 % from 3-5 years and 43 % more than 5 years. As the purpose was target participants, there is no customer responding for less than 1 year.

Generally, almost the participants were Kuehne + Nagel's patronages that had a clear idea about the company's international stature and the global position of Kuehne + Nagel in forwarding industry. As the graph 2 responds to the question "Which Kuehne + Nagel service do you know?"



GRAPH 2: Service Acknowledge

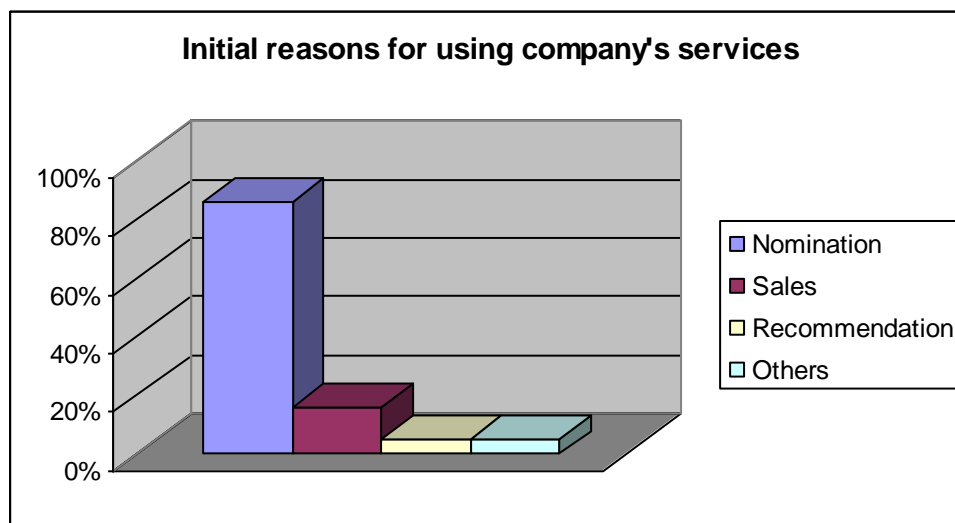
According to the survey results analyzed, there are 35 customers which are equivalent to 95 % know Kuehne + Nagel's Seafreight service; 25 (68 %) of customers know Airfreight; 19 % knowing the Custom and Warehouse/Transportation Logistics. While there is only 3 % of customers have ideas about the Project service.

These figures show that the company's customers do not have a strong impression of services that Kuehne + Nagel provides. Although 95 % is a high rate for knowing the Seafreight service, this figure is likely not satisfied

with a number 1 global forwarder in Searfreight as Kuehne + Nagel. Besides, the rates for customs, logistics and project services are relatively low.

Based on the figures of fact, suggestions to the company are that all staff of Kuehne + Nagel should introduce the company's services as much as possible whereas there is opportunity. For the possibility of services introducing to the customers from the staff, the company should have cross department trainings for them so that everyone acknowledges the overview and some descriptions of all services which the company is available and providing to customers. Besides, the brand name of the company should be impressed and emphasized by marketing activities via the means of communications like well-known newspapers, advertising on television and radio, etc...in order to introduce company's image to the public, especially to the target customers who are import and export companies. Kuehne + Nagel should also join the major exhibitions for forwarders, carriers as well as the international trade companies. Whereby they do not only introduce the company's brand name but should also explore the customers the special and salient features of company's services.

The analyzed results in the graph 3 respond for the question "What was the initial reason for using our services?"

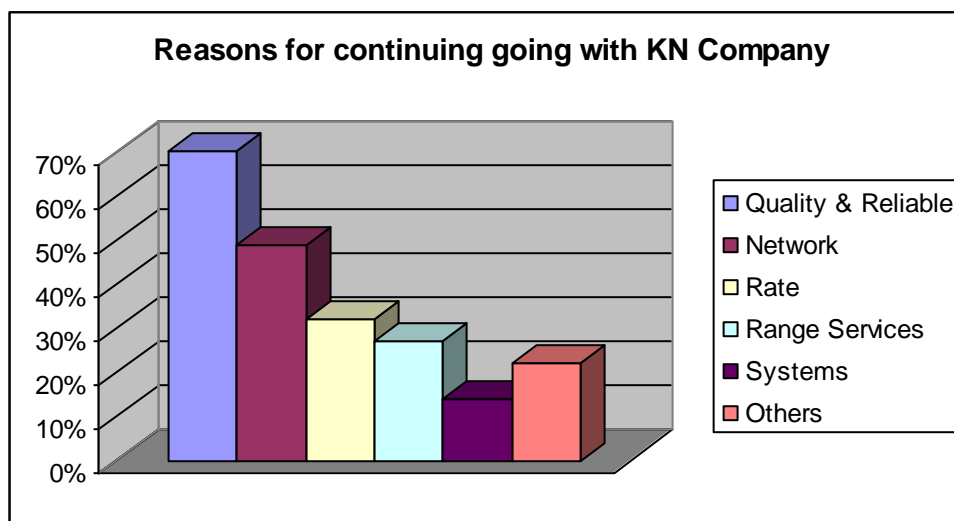


GRAPH 3: Initial reasons for using company's services

This question was designed with the purpose to help the company recognize the factors which customers have chosen Kuehne + Nagel as their finally reliable freight forwarder. The nomination factor appreciates with a very high rate 86 %, while the factors of sales 16 %, recommendation 5 % and others 5 % are quite low. The “others” factor indicate reliability and quality of services.

The rate for nomination is though relatively high, it is still a passive factor. Because customers in Vietnam going with Kuehne + Nagel depend on their partnerships abroad who are the decision makers in choosing freight forwarder. On the other hand, the important factors for evaluating the quality of Kuehne + Nagel in Vietnam like local sales; quality and reliability of services are too depreciated. The company should have appropriately strategic activities in marketing in order to make good impressions to customers about the company.

Graph 4 indicates for the next question “What is/are the main reason(s) for continuing to use Kuehne + Nagel service?”



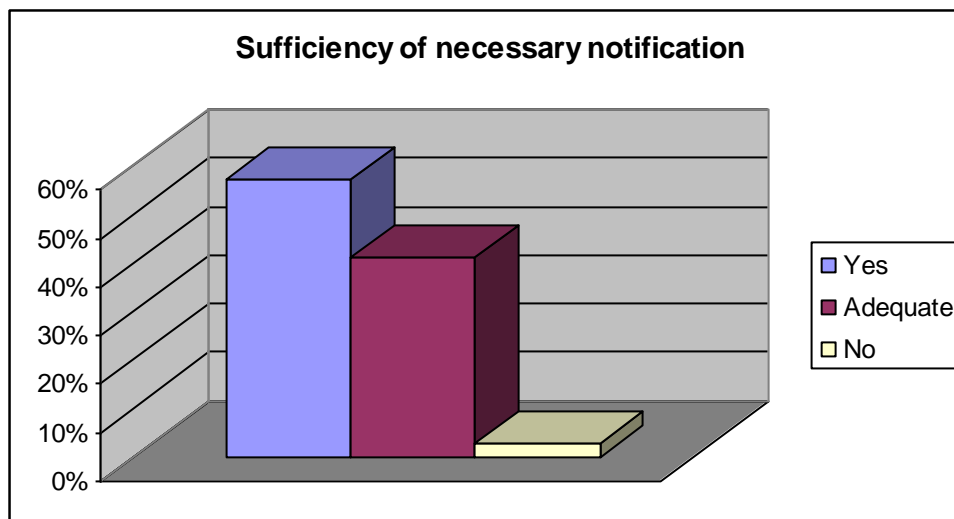
GRAPH 4: Reasons for continuing going with KN Company

The quality and reliability are the most important factor for evaluating a good freight forwarder. This factor makes up with a high rate at 70 % evaluated.

The rates for Kuehne + Nagel's services choosing as the matter of fact are 49 % for the company's global network; 32 % for the freight rate offered by the company; 27 % for the various range of services; 14 % chosen for the operational systems and 22 % for "others" factor which indicates almost the nominated reason.

The quality and reliability is the key factor that customers continue to go with the company. Hence, this factor should be maintained and improved. For the possibility of this matter, the company should recruit appropriate staff, give efficient and effective training, select qualified suppliers/carriers, and improve working process continuously to reduce dissatisfied opinions and comments on service and staff quality.

The graph 5 is survey results responded for the question "Are you satisfied with number of necessary notifications offered by our staffs?"

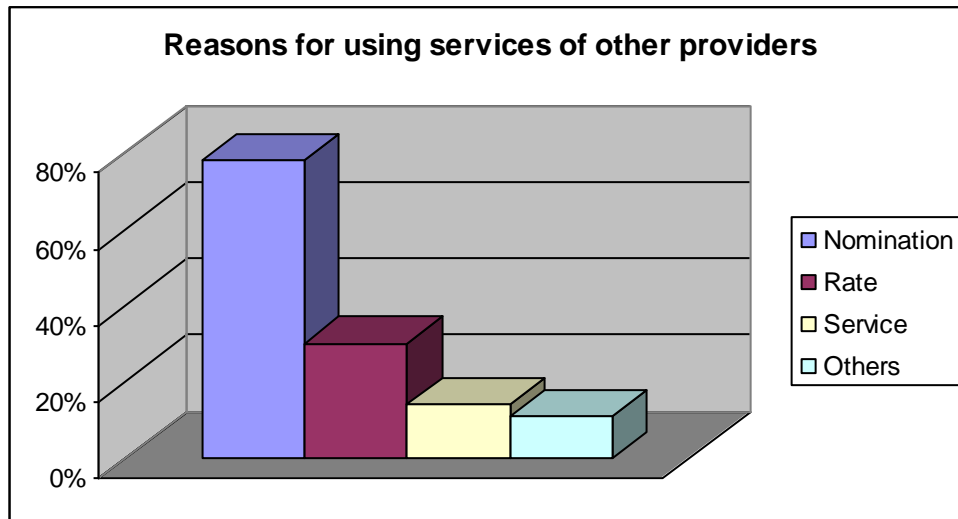


GRAPH 5: Sufficiency of necessary notification

This question was designed in order to point out the satisfaction of customers with necessary notification from company's staff. As the matter of fact that, those notifications from company could be useful and essential for their own business. The idea for satisfying the sufficiency of notification is

57 % which is only neutral, while adequate satisfaction is nominated 41 %. Although the “No” choice for this question is not expected, some customers are still not satisfied with the rate of 3 %.

Graph 6 explores the survey results for the continuing question which is “What are the reasons for you to support other services of different providers?”



GRAPH 6: Reasons for using service of other providers

Although Kuehne + Nagel provides many various and flexible services exception of its main task of transportation, the customers otherwise also use the services from other providers. This question’s responses will help the company to recognize its weaknesses in competitiveness with other service providers.

“Nomination” reason dominates with the high rate of 78 %, the reason of freight rate is 30 %, the quality of services is 14 % and “others” factor is 11 %. Customers specified the other reasons are that other providers have more professional and flexible in resolving problems or customers provide those services and utilize them for their own business.

Although the freight rate, or in other words, price of goods transport is not the most important criteria of choosing a freight forwarder, it still affects a lot to the traders' decision-making. Therefore, the company should improve in the freight rates or have some promotions for new customers, discounts for loyal customers in order to attract them to the company's services and then continuing with making perfect image and impression to those customers. Besides, the company also considers more flexible solutions for customers' problems in order to meet their satisfaction, or at least to make them feel comfortable with company's solutions.

The next question "How satisfied are you with our overall quality of services?" will help the company to have an overall outlook of its services' performance as well as the criteria from the customers' evaluation as their reasons of choosing a freight forwarder.

In the multi-answer field, there are two related parts which are the measurement for Overall Service Performance and the Levels of Satisfaction. In the measurement for Overall Service Performance part, there are several factors of a good freight forwarder's criteria. The other part – Levels of Satisfaction – involves 5 levels of satisfaction which are "dissatisfied", "somewhat dissatisfied", "neutral", "somewhat satisfied" and "satisfied" with evaluation ascended scores from 1 to 5 pertaining to the 10 items of multi-attribute scale.

In order to make a clear of question's purpose and survey results, the writer put the information of question's content and the analyzed results in the tables as below. The survey results of this question were analyzed by computing the average of the satisfaction levels for each item in the performance measurement part.

TABLE 1: Measurement of Overall Service Performance

Measurement for Overall Service Performance
A/ Dependability
B/ Job Knowledge
C/ Responsiveness to your needs
D/ Accuracy in invoicing & documentation
E/ Speed and efficiency in dealing with your request
F/ Resolving problems
G/ On time performance
H/ Flexibility when dealing with customer requests
I/ Pro-active in advising you of inquiries/ shipments status
J/ Overall satisfied with service performance

TABLE 2: Satisfaction of the overall Kuehne + Nagel's service qualities

Items	A	B	C	D	E	F	G	H	I	J
Average	4.11	4.28	4.06	4.19	4.14	3.92	3.94	4.06	3.75	4.17

According to the reliable evaluation of this survey, the key reason given for satisfaction with Kuehne + Nagel's services is "job knowledge" (4.28) and "accuracy in invoice and documentation" (4.19).

Although computed figures of the factors – 3.92 for "Resolving problems"; 3.94 for "On time performance" and 3.75 for "Pro-active in advising customers of inquiries/ shipments status" are relatively high and over the average level, it still somehow negatively affects to the company's prestige and services' qualification. Therefore, all quality options of services need more improvement.

The final question is an open one with the content that "Do you have any recommendations on how Kuehne + Nagel could improve its services to meet your needs and serve you better?". The purpose of this question is that

listening to customers' idea supports whereby the company could acknowledge more demands of customers as well as the methods of business improvements.

In the customers' feedbacks, there are some complaints as well as compliments of the staff that is responsible for their freight routs. For suggestion, the company should have suitable policy of rewarding and fining for the staff that has positive or negative feedback/complaints. From that point, the staff will have motivation and standard evaluation for working attitude.

For those customers who complain on issuing B/L (Bill of Lading) late, Kuehne + Nagel should explain clearly the reason for their benefit is to save their own money. Because in case of any detail changed, a fee will be charged; therefore, the operation staff just prints B/L when they come to get it in order to make sure that all the details of a B/L will not be changed any more.

Based on the customers' feedback, the company should improve the process of documentation so that the customers will not have to wait for a long time when coming to pick up the documents and invoice. Besides, the company should also improve the staff's attitude in the receptionist and accounting department when communicating with customers.

Besides those comments above from customers, there are some recommendations from them such as:

- Send the booking confirmation to customer immediately when it is available.
- Update shipping schedule and send it to customers monthly.
- Reduce CFS (Container Freight Station) fee to equal with other Forwarders.
- When some charge fees are changed, it should be informed in advance and suitable to the current market.

- It should be used the priority rate for patronage customers. The rate should be steady and suitable. Every year, it should have some discount months in order to encourage customers in choosing forwarder.

6 CONCLUSIONS AND RECOMMENDATIONS

In general, the survey results will allow Kuehne + Nagel Vietnam to target specific gaps in service delivery as a strategic priority over the coming year. The quality of the survey results does not only support the continued use of this mechanism to ensure services remain targeted to customer's needs and expectations, but also explore the strengths and weaknesses which help Kuehne + Nagel Vietnam to indicate wherein they should maintain and more develop, wherein they should change and apply improvements in appropriate ways.

The following is a summary of the survey findings as well as the company's service improvement suggestions:

In general, Kuehne + Nagel Vietnam has many competitive advantages as an international company which are its strengths compared to those competitors in the same industrial environment. It has an effective management of logistics and supply which become a source of competitive advantage, supporting company in achieving cost/productivity advantages and value advantage. The global network allows company to concentrate on their areas of core competence and create value within their internal and external networks. Having an almost worldwide coverage with specialist capabilities and industry specific as well as geography market specific knowledge, the company has opportunities to exchange information on products, markets, development opportunities and competition. As each agent is a "local player" in its own market, local knowledge of customers filter across the network. This tends to provide a better level of customer service, saving time when dealing customs requirements and documentation.

Kuehne + Nagel is considered as a reliable and professional freight forwarder with good qualities in providing freight services as well as ancillary

ones. Diversification of services offered is also a competitive strength of Kuehne + Nagel Vietnam in forwarding industry. Meanwhile, there were some concerned comments regarding the freight rate, flexibility in resolving problems and staff's attitude of Kuehne + Nagel wherein considered as the weaknesses in its business operation such as need to better understand and support the special rate to usual customers with huge quantity/ volume of goods. There are varying opinions and levels of satisfaction of Kuehne + Nagel's services performance; however, the highest satisfaction level was not high and dissatisfaction opinions still existed. In conclusion, the company's mission is that well serving and meeting the customers' demands in freight forwarding industry, Kuehne + Nagel Vietnam should consider and evaluate its business's performance so that it could have more appropriate improvements and get more good appreciated evaluations in the next coming years.

Kuehne + Nagel always expects providing to the customers its professionally technical and operational expertise in order to give them the best position and the most advantage in their own business and functional needs. In purpose of approaching more customers' needs, the company should have an effective way to introduce and give information on services as well as company brand to existing and also new customers. Moreover, information services should be reviewed to ensure information delivery is timely and information is specific to the customer's inquiry

To encourage and improve customer feedback rate, Kuehne + Nagel should send the customer a small gift as thanking. Question for the initial reason and continuing reason should be the same, so they can be compared. Add one more question to ask customer about the satisfaction level for respective department (Airfreight Export, Airfreight Import, Seafreight Export, Seafreight Import, Project/ Contract Logistics)

Kuehne + Nagel should have a survey for non-existing and potential customers in order to get and understand more about the needs of their customers. Moreover, they could also analyze and compare the strengths and weaknesses of competitors. From that point, Kuehne + Nagel will have more feasible ideas on how to improve their services that match with customers' needs.

Kuehne + Nagel should have a survey just for free-hand customers who are those customers not appointed going with any chosen freight forwarder by abroad consignees. Whereby, the company will have more exact comments on service and staff quality for reasons why they have chosen and gone with Kuehne + Nagel.

Finally, Kuehne + Nagel Forwarder Vietnam and the writer would like to give much sincere thankfulness to all of customers who took their value time to respond to this important survey. Hopefully, this survey could lead Kuehne + Nagel Vietnam to an even more reliable in service quality and satisfying partnership as the company will face some of its biggest challenges in the years ahead. All feedback and business ideas support from customers are always welcome as the matter of fact that the more concretely the problem is defined, the more useful the solution can be.

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APPENDIX 1

Ho Chi Minh City, 16 July 2008.

Dear valuable Customers,

We wish to first offer many thanks for using our service throughout the years. In our continual efforts to improve the quality of services, annually we look to our customers for formal feedback on Kuehne + Nagel's service performance. We'd like to know how our services meeting your needs and very interested in learning those areas in which you believe we have room for improvement.

We enclose here a questionnaire. You can tick on the box (where applicable) of the options that provided by us or add comment in the reserved space.

It would be very grateful if you could spare the time to complete and return it to us through email: info.hochiminhcity@kuehne-nagel.com or Fax: (84-8) 914 1262 by 30 July 2008.

Your reply is greatly appreciated and results will be treated in confidential and internal only. Should you have any questions regarding this survey, please do not hesitate to call Ms Thuy at (84-8) 9141254 – Ext: 177 or email at info.hochiminhcity@kuehne-nagel.com.

Thank you in advance.

Best regards,
Country Manager
Bernd Baunack

Kính gửi quý khách hàng,

Đầu thư, chúng tôi xin chân thành cảm ơn quý khách hàng đã sử dụng dịch vụ của chúng tôi trong suốt thời gian qua.

Để tiếp tục nỗ lực hoàn thiện chất lượng dịch vụ của công ty Kuehne + Nagel, hàng năm chúng tôi tìm đến quý khách để thu nhận những ý kiến phản hồi về dịch vụ của chúng tôi. Chúng tôi mong muốn được biết các dịch vụ đã đáp ứng nhu cầu của quý khách như thế nào và đồng thời tiếp thu ý kiến về những lĩnh vực mà quý khách thấy cần được cải thiện.

Chúng tôi có kèm theo đây một bản câu hỏi. Quý khách có thể đánh dấu vào ô trống (nơi thích hợp) được chọn hoặc viết những lời góp ý vào nơi được để trống.

Chúng tôi xin chân thành cảm ơn quý khách đã dành ít thời gian điền vào bảng câu hỏi và gửi lại cho chúng tôi qua địa chỉ email : info.hochiminhcity@kuehne-nagel.com hoặc Fax : (84-8) 914 1262, mong nhận được phản hồi của quý khách trước ngày 30/07/2008.

Những ý kiến phản hồi của bạn sẽ được giữ kín và chỉ được sử dụng nội bộ trong công ty Kuehne + Nagel. Nếu như quý khách có mọi ý kiến hoặc thắc mắc về bảng khảo sát này, xin liên hệ trực tiếp với chúng tôi qua số ĐT: (84-8) 9141254 – Ext: 177 (gặp Thủy) hoặc email: info.hochiminhcity@kuehne-nagel.com

Xin chân thành cảm ơn vì sự hợp tác của quý khách!

Giám đốc Kuehne+Nagel Viet Nam

Bernd Baunack

APPENDIX 2

Customer Satisfaction Survey (*Thăm dò ý kiến khách hàng*)

Your feedback is really important to us. We are looking for your perception of Kuehne + Nagel's ability to manage and ideas for improvement to our service.

Phản hồi của quý khách hàng thật sự quan trọng với chúng tôi. Chúng tôi đang thăm dò ý kiến khách hàng về khả năng đáp ứng nhu cầu và duy trì sự hài lòng của khách hàng đối với Kuehne + Nagel. Nhân cơ hội này xin quý khách hàng chân thành góp ý để chúng tôi có thể phục vụ tốt hơn

General Customer Information (*Thông tin khách hàng*)

Customer name (*Tên khách hàng*): _____

Contact person (*Người liên lạc*): _____

Email (*Địa chỉ email*): _____

Telephone (*Điện thoại*): _____

Fax: _____

Please fill in by selecting the box or typing onto the indicated area.

(Xin vui lòng chọn câu trả lời hoặc ghi ý kiến vào khoảng trống)

1. Which Kuehne + Nagel services do you know? (*Bạn biết về những dịch vụ nào của Kuehne + Nagel?*)

Air (*Đường không*)

Sea (*Đường biển*)

Projects (*Dự án*)

Custom (*Hải quan*)

Warehouse & Transportation (*Kho vận*)

2. How long have you been using the services of Kuehne + Nagel International? (*Bạn đã sử dụng dịch vụ của Kuehne + Nagel trong thời gian bao lâu?*)

- Less than 1 year (Ít hơn 1 năm)
- 1-3 years (1-3 năm)
- 3.1-5 years (3.1-5 năm)
- More than 5 years (Nhiều hơn 5 năm)

3. What was the initial reason for using our services?

(*Lí do đầu tiên nào để bạn quyết định sử dụng dịch vụ của chúng tôi?*)

- Nomination (Khách hàng chỉ định)
- Local sales (Qua kênh bán hàng)
- Recommendation (Bạn giới thiệu)
- Others, please give detail (Khác, xin vui lòng ghi rõ):

.....

4. What is/are the main reason(s) for continuing to use our service? (Select all that apply)

(*Những lí do chính yếu nào để bạn tiếp tục sử dụng dịch vụ của chúng tôi - chọn tất cả những lí do mà đúng với bạn*)

- Competitive Rates (*Giá cạnh tranh*)
- Corporate Network e.g. worldwide locations, Size of company, No. of employees (*Mạng lưới của tập đoàn như chi nhánh khắp thế giới, quy mô công ty, số nhân viên*)
- Number and Variation of services offered (*Sự đa dạng và phong phú của các dịch vụ cung cấp*)
- Service Reliability & Quality (*Độ tin cậy và chất lượng dịch vụ*)
- EDI & Tracking / Tracing Capabilities (*Khả năng truy vấn trực tuyến và trao đổi dữ liệu điện tử EDI*)
- Other, please specify (*Khác, xin vui lòng ghi rõ*) _____

5. Are you satisfied with number of necessary notifications offered by our staff?

(Bạn có hài lòng về sự đầy đủ các thông tin cần thiết mà nhân viên chúng tôi cung cấp?)

Yes (Có)

Adequate (Vừa đủ)

No (Không)

6. How satisfied are you with our overall quality of services on following criteria: (Please select by clicking on the box)

(Mức độ hài lòng của bạn về chất lượng dịch vụ tổng thể của công ty theo những tiêu chí dưới đây như thế nào - Xin vui lòng chọn mức độ hài lòng của bạn:)

Criteria / Satisfaction Level <i>(Tiêu chí/ Mức độ hài lòng)</i>	Dissatisfied <i>(Không hài lòng)</i>	Somewhat Dissatisfied <i>(Khá không hài lòng)</i>	Neutral <i>(Trung bình)</i>	Somewhat Satisfied <i>(Khá hài lòng)</i>	Satisfied <i>(Hài lòng)</i>
1. Dependability <i>(Độ tin cậy)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Job Knowledge <i>(Trình độ chuyên môn)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Responsiveness to your needs <i>(Đáp ứng nhu cầu của bạn)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Accuracy in invoicing & documentation <i>(Sự chính xác của</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<i>tài liệu và hóa đơn)</i>					
5. Speed and efficiency in dealing with your request <i>(Tốc độ và hiệu quả việc thực hiện yêu cầu của bạn)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Resolving problems <i>(Giải quyết vấn đề)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. On time performance <i>(Thực hiện đúng hẹn)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Flexibility when dealing with your requests <i>(Linh hoạt khi giải quyết yêu cầu của bạn)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Pro-active in advising you of inquiries/shipment status. <i>(Chủ động thông báo tình trạng đơn hàng/ yêu cầu của bạn)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10. Overall quality of service performance (<i>tổng quan về chất lượng dịch vụ của công ty</i>)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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7. What are the reasons for you to support other service providers?

(*Bạn dùng dịch vụ của những nhà cung cấp khác vì những lí do gì?*)

- Nomination by customers (Do khách hàng chỉ định)
- Rate/Price (Giá)
- Service (Dịch vụ)
- Other, please specify (Khác, vui lòng ghi rõ):.....

8. Do you have any claims or problems with Kuehne + Nagel recently (within 3 months, for instant)?

(*Gần đây bạn có than phiền hay gặp vấn đề với Kuehne Nagel hay không? - trong vòng 3 tháng chẳng hạn*)

- No (Không)
- If yes, please give detail (Nếu có, bạn vui lòng cho biết chi tiết)

.....

If yes, have you been satisfied with Kuehne + Nagel solutions? If No, why?

(*Nếu có, bạn có hài lòng với những giải pháp của công ty Kuehne + Nagel? Nếu không xin vui lòng cho biết lí do?*)

- Yes (Có)
- No (Không)

.....

9. Do you have any recommendations on how we could improve our services to meet your needs and serve you better?

(Bạn có đề nghị gì để chúng tôi có thể cải tiến dịch vụ nhằm đáp ứng yêu cầu của bạn tốt hơn?)

.....
.....
.....

Thank you very much for your time to complete this questionnaire.

Please send the completed form by email to info.hochiminhcity@kuehne-nagel.com or our fax +848 9141262

*Cảm ơn quý khách hàng đã dành thời gian hoàn thành bảng thăm dò ý kiến.
Xin vui lòng gửi cho chúng tôi qua email info.hochiminhcity@kuehne-nagel.com hay fax +84 8 9141262*

Kuehne + Nagel Vietnam

Country Manager (*Giám đốc*)

Bernd Baunack