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The Significance of 'Relationship Management' as a Driver of Retention of Clients in Third Party Logistics (3PL): A Case Study in New Zealand.

A thesis presented in partial fulfillment of the requirements for the degree of Master of Logistics and Supply Chain Management

At Massey University, Albany, New Zealand.

ABSTRACT

The principal objective of this research was to explore the trend and the role relationship management plays in keeping the Third Party Logistics (3PL) outsourcing businesses together. This research also aimed at highlighting the underlying factors in the business relationships among parties involved in Third Party Logistics (3PL) business, specifically in the New Zealand logistics industry. A literature review was conducted on a significant number of related articles to justify the research objective. This multi-case study has eight participant companies who were selected as representatives of the industry; a majority of them either market leaders or have a significant role in their business category. The eight case participants were classified into two groups: logistics service provider and logistics clients. Due to their unique operational and logistics activities, some participants fell in both categories. In-depth, face-to-face interviews were conducted using semi-structured questionnaires with open-ended questions to tap into the vast industry knowledge and logistics expertise of the participants. Given the infrastructure of the Australasian logistics outsourcing industry, the result of this multi-case study has supported the results, finding, and theories of the previous researchers and academics that relationship management is the key to retaining a loyal customer base and a successful business arrangement between 3PL service providers and their clients.

Keywords: Supply Chain Management, Logistics Management, Logistics Outsourcing, Relationship, 3PL, Third Party Logistics, Customer Retention, Trust, Loyalty, Flexibility, Communication, Commitment, Capability, Collaboration, Customer Satisfaction, Service Accuracy, Cost Saving, Profitability, Literature Review.

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CHAPTER ONE: INTRODUCTION: - RESEARCH BACKGROUND, AIM, AND OBJECTIVES

1.1 Introduction

Logistics has been the backbone of businesses since the ancient time when people only traded goods for goods and goods in exchange for precious metals or livestock. Our ancestors have been doing business for centuries and not knowing the effect they have left on modern logistics and transport. Since then logistics have evolved into the current state of the modern logistics management. In this chapter, the author has sought to introduce the readers to other parts of logistics activity and their role in forging relationships among businesses involved in logistics outsourcing. Logistics services involve the movement of goods, information, and cash, as well as value-added functions (e.g. after-sales support, customer service, and reverse logistics).

As per Simchi-Levi, D., Kaminsky, P., & Simchi-Levi, E. (2000), in modern customer driven market, it is not the product or the services that matter most, what matters is the perceived value of the entire logistics channel as seen by the customer. Because of the change in this perspective, logistics, which was originally considered as a back office function, has evolved to be the center focus in cost-reduction and customer satisfaction for all companies, where fulfilling customer needs and providing value are the top most priority. Third party logistics (3PL) play a key role in managing entire supply chains (Jayaram and Tan 2010). In the logistics service industry, third party logistics (3PL) providers add value to users by improving operations productivity and sharing resources and information (Berglund et al. 1999). One of the key components in successful 3PL management is being able to outsource activities. Outsourcing is defined as handing over the work formerly executed by an internal

work stream to an outside agency that specializes in these kinds of activities, (Sangam,V. K., 2007). This thesis aims to address problems that have been identified, through industry review, regarding the successes to 3PL arrangements. These are summarized as follows:

- Relationship management issues in the overall logistics management industry especially in the third party logistics business in New Zealand.
- Client retention issues especially faced by the third party logistics outsourcing industry.
- Effect and impact of New Zealand freight industry's competitive nature on financial gain versus long-term loyal client-provider relationship issue.

1.2 Research Context

The business world has changed tremendously throughout the world since the so-called golden age of capitalism, post Second World War. With the formation of world trade organization (WTO) and by the virtue of the creation of the EU and other free trade zones and free trade agreements like NAFTA, FTAA, CAFTA, ASEAN, SEEARC; the movement of goods and services has increased leaps and bound worldwide. The way of doing business has been through so many revolutionary changes since then and with the invention of the computer and subsequent revolutionary Internet technology; the overall world business scenario has changed tremendously. In recent days, the adaptations that have been occurring in the world marketplace due to the Information technology revolution and other free trade zones and agreements has introduced a greater intensity of the rivalry between organizations locally and globally. The logistics industry is no different and not immune to these global changes and advancements and logistics business are adapting to these challenges in different ways.

As per Junquera R. (2010), the globalization of the world economy, motivated by trade liberalization and rising incomes in emerging countries like China, India, Brazil and so on presented the big corporations with the prospect to increase business opportunities, market share, their operations and profits by exploring the markets that were difficult to penetrate earlier. As a result, the innovative way of thinking about operational and marketing positioning takes into consideration concepts of integration and collaboration rather than competing head on with competitors like old days. Nevertheless, with these prospective profit opportunity also loom the issues such as the threat of rivalry from big foreign and multinational companies, understanding consumer preferences in multiple markets, integrating worldwide supply chains, and risks posed by the domestic policies of countries around the globe especially for the local businesses (Stock & Lambert, 2001). The current trends in logistics industry reveal the necessity to increase cooperation and trust among logistics service providers and their clients in order to enhance efficiency and effectiveness. Long-term relationships, based on a win-win mindset, are replacing the long-established adversarial relationships, Junquera R. (2010). The result of business sophistication has enabled logistics management to emerge from its old perceived back office function label to the face off of the goods and service movements for the businesses worldwide.

As industry representation increase and more and more businesses outsourcing the whole or part of their logistics operations, the complexity for the logistics service providers has increased significantly in all parts of the world. The effective and sustainable logistics management practices and customer relationship management have become significant and major strategy. Successful logistics channel management and retention of old and loyal clients are at the heart of our understanding of how 3PL providers can enhance integration and collaboration with their logistics partners and at the same time keep their logistics

operations profitable. For this research project, relationship management and client retention in the 3PL industry is understood as the relational and logistics factors that ensure and lead to a long-term business relationship and successful and profitable business operations involving the logistics service provider and their logistics clients.

As regards to the New Zealand logistics and freight industry in areas like transport, Logistics and Distribution employed nearly 90,000 full-time equivalent workers (FTEs) across New Zealand in 2014 and produced around 5.4% of New Zealand GDP, or \$12.5 billion (Westpac 2016). In addition, as per the latest government publications, 97% of the New Zealand businesses are SME's (Small to Medium Enterprises) and are mostly family owned. In addition, the family ownership of most businesses play a major part in creating businesses relationships as family businesses tend to be more informal and less bureaucratic compared to other businesses. The freight and transport business is clustered around greater Auckland area and as per old perception businesses do businesses with like-minded businesses and the personal interactions of the top executives play an important part in shaping the future of the business relationships.

Due to the significance of the logistics and freight industry in New Zealand and the new challenges imposed on the logistics and freight industry, where 3PL service providing organizations need to have sustainable logistics management practices to cope with the fierce competition. This research focused on eight businesses separating them in groups as 3PL service providers and 3PL clients in New Zealand, aiming for a better understanding of their logistics and freight operations and customer relationship management practices, and analyzing how these factors may affect long-term relationship and the retention of customers between the logistics service provider and their logistics clients.

1.3 Research Aims and Objectives

This research aims to highlight the underlying factors in the business relationship among parties involved in 3PL businesses in the New Zealand logistics industry. This study is also identifying the impact of the financial value created on the overall longevity of the logistics partnerships.

1.3.1 Research Objectives

This research aims to explore and investigate the effect and impact of relationship management in client retention for the logistics outsourcing service providers and their logistics clients. In addition, this thesis will also address the causal effects of relationships on 3PL as below:

- How the relationship management shapes the business in the end.
- How the Auckland-based New Zealand freight and logistics service providers and their clients, handle their relationship management issues to influence the longevity of their business from customer retention point of view.
- How the effect and impact of relational elements in relationship management in logistics outsourcing business especially in New Zealand freight industry scenario.

1.3.2 Research Aim

This research aims to address the role relationship management in retaining the clients in this logistics outsourcing business arrangement, especially in New Zealand Freight industry. The aim of this research is to explore the trend, the catalyst for business decisions, profitability,

and opportunities, risks created by outsourcing the existing logistics operations of New Zealand businesses to specialized Logistics service providers. The purpose of this paper is to:

- Investigate and explore what role ‘Relationship Management’ plays in customers-provider relationship in logistics outsourcing business in the third party logistics service Provider and client scenario.
- Understand the impact of relational elements in the success and longevity of the logistics outsourcing relationship in the New Zealand Freight industry.

1.3.3 Research Problem

There is a debate on whether the benefits from logistics outsourcing offset the risk of relationship failure (Kremic et al. 2006). Outsourcing does not always lead to service advantages and cost savings (Gerwig, 1999; Watjatrakul, 2005). A recent study (Tsai et al. 2008) reveals that there are three types of risk in logistics outsourcing, namely relationship risk, asset risk, and competence risk. These risks are derived using Transaction Cost Theory (TCT) and the Resource Based View (RBV) of firms (Tsai et al. 2008). According to Tsai et al. (2012), from a social exchange perspective, relational mechanisms such as trust and commitment are needed to highlight partner relationships and soften the risks arising from unforeseen changes in the logistics chain. Fruitful and long-term oriented outsourcing arrangements depend largely on the Buyer-Supplier Relationship (Webb and Laborde, 2005). Businesses are increasingly shifting to a relationship-based approach to meet challenges posed by the rapidly changing competitive business environment and growing product/service complexity (Harland et al. 2003). Despite the explosion of collaborative

buyer-supplier relationships, they are challenging and present an interesting dilemma; while they facilitate reduction of risk, they also generate considerable risk because there is the possibility of opportunistic exploitation arising from dependence (Lai, 2009). Relationship management issues between 3PL providers and their clients are becoming more important as businesses realizing that their ability to keep their old customers will cost them less money compared to the cost of finding and accommodating the new customers.

According to the Transaction Cost Theory (TCT) conjecture of bounded rationality (whereby 'a managers' decision is constrained by limited cognitive capability and imperfect information), a failed relationship may arise due to ineffective communications. Information lopsidedness between the buyer-supplier relationships parties can add reservations associated with governance-related decisions and magnify opportunistic behaviors in the relationship (Rindfleisch and Heide, 1997). The purpose of this paper is to investigate and explore the role 'Relationship Management' plays in logistics outsourcing business especially in the retention of the client.

Moreover, the author has put the attention on the ongoing and emerging issues relating to logistics outsourcing relationships and its drivers that play a vital role in shaping the future of business relationships in the local and global logistics outsourcing business industry. Contribution from this research will include a structured review giving precise guidelines to help better support the future research on 'Logistics Outsourcing Relationship' with more clarity and help identify pragmatic issues for future studies on the logistics outsourcing relationships and its contribution to the success of business worldwide. This research is a multi-case study and of qualitative nature where the author have used both primary and secondary data for this research.

1.3.4 Research Question

The researcher has used the following research questions to achieve the aforementioned research objectives in order to explore the effect and impact of relationship management on third party logistics (3PL) provider and client scenario:

- How the business relationship/partnership or inter-personal relationships drive the economic decisions in the third party logistics businesses in New Zealand?
- What are the underlying relational factors in the business relationship among parties involved in third party logistics (3PL) in logistics businesses in New Zealand?
- What role do relational factors, logistics factors, and financial factors play in shaping the long-term business relationship especially in New Zealand Freight Industry?

1.4 Research Structure

Chapter One: In this chapter, we have briefly discussed the purpose of this paper, the aim, objective, and the underlying research questions of this study.

Chapter Two: This section provides a comprehensive literature review of logistics management and its role as part of supply chain management and different logistics arrangements in detail; focusing specifically on the impact, that 3PL has to the logistics industry. A thorough literature review has been conducted on significant number of third party logistics outsourcing and relationship-related studies to support the identified gap in research and the contribution this study will make.

Chapter Three: This chapter goes into more depth, discussing third party logistics in the New Zealand business context and the trends in logistics outsourcing in the wider Australasia area. It will also analyze problems facing 3PL on a global scale. This is because of the heavy inter-dependent nature of logistics industry.

Chapter Four: In this section, we described the research design and methodology of our case-study research and analyzed the different options available. Various Data types available, the information gathering process, and the information analysis procedures were also explaining in brief. Ethical considerations, case study selections, and quality of the conducted case-study research are also analyzed in this chapter. Finally, the data analysis technique for this research is discussed in detail and at the end of this chapter, the participating case companies are briefly introduced.

Chapter Five: This section discusses all of the individual case companies in detail, providing the core content for our study. The eight chosen companies are summarized, including their business history, objectives, logistics and operational changes over time and their position within their respective industries, and their position within the wider industry reviewed. Then results from the face-to-face interviews are summarized and the emphasis is placed on their responses.

Chapter Six: In this section, we discussed and presented the cross-case findings of this multi-case study research. We have compared the findings of the participating case companies and crosschecked their result with other participants in detail. We have also attempted to compare the views of previous researchers on various relational factors with the ranking and rating of

these relational factors expressed by our case participants during the interview and the related studies we have come across in our literature review.

Chapter Seven: Finally, in section seven, we conclude our research with a brief discussion of the research background, motivation, research objectives and with the research findings in a summary of our multi-case study research. Our final observation on logistics outsourcing relationship and its impact on logistics outsourcing businesses in New Zealand and global scenario and the managerial implications and direction for future studies were also discussed.

CHAPTER TWO – LITERATURE REVIEW

2.1 Introduction

A literature review is a backbone and fundamental resource for any type of thesis as it guides the author to address the issues and literature gaps in previous studies in the area of the study. As Rousseau et. al 2008 and Seuring and Gold et al. 2012, stated that it is important to conduct a rigorous, systematic and reproducible literature review. In this literature review the main focus is on ‘relationship management’ of parties involved in logistics outsourcing business; also to explore what role ‘relationship’ and its key drivers play in retention of the customers for the business. The later parts of this chapter unfold how the topic of the research, the objective of the research and the research questions are evolved through an extensive literature review of related research in this field and the justification of this investigation.

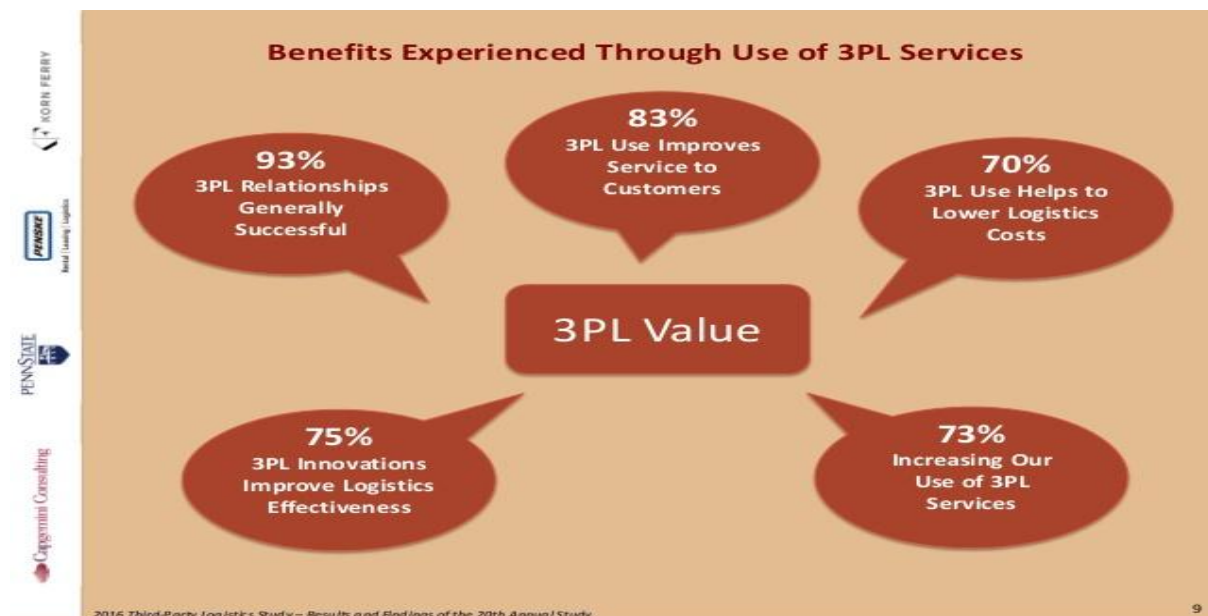


Figure 1: 3PL value creation

(Courtesy: Capgemini 2016 3PL 20th Annual Study, page 9).

Upon analyzing figure 1, as per Langley C.J. (2016), the findings of the 20th Annual Third-Party Logistics Study supports the proposition that both 3PL providers and their clients are more dexterous at their understanding of the value of the 3PL relationships. The 3PL customers have expressed a greater understanding of their core businesses, and at the same time, the supply chain capabilities offered by the 3PL providers, which helped to realize their overall organizational objectives. These findings are supported by in figure 1 which substantiate the facts brought upon by the 2016 study confirms that towering percentages of 3PL providers and the 3PL customers view their relationships as successful and are aware of the value it creates for their logistics operation.

According to Daugherty P.J. (2011), while a significant amount of research have focused on outsourcing of logistics services that does not mean that there is still a lot left undiscovered. Daugherty P.J. (2011) also stresses like, what are the trends in outsourcing? How can effective outsourcing contracts be crafted? i.e. what are the key criteria that need to be specified? What types of outsourcing arrangements yield greatest enhancements to service productivity and success? Various scholars and academics have explored the vast field of Logistics Management, Supply Chain Management, Logistics Outsourcing, Third Party Logistics (3PL), and Logistics Relationships including the Third Party Logistics Relationships. This chapter seeks to highlight many of the concepts and definitions and theories that are necessary to better grasp the practices and modifications that have been occurring in the world marketplace and within the regions and in the industry and within the business organizations. In the sections 2.1 and 2.2 Logistics Management, Supply Chain Management, Logistics Outsourcing, third party logistics and their relationships been discussed. In section 2.3, the scope and background of search have been talked about. In section 2.4, we summarized various theories covered by the review. Finally, in section 2.5,

we conclude our literature review with a final observation on how the research gap in those reviews brought about the study of relationship management and its impact on logistics outsourcing businesses in New Zealand scenario.

2.1.1 Definition of Logistics Management

Different researchers and authors have come up with numerous definitions for logistics, but the Council of Supply Chain Management Professionals (CSCMP) defined logistics management that makes the definition much broader than the rest. As per CSCMP, "logistics management is that part of supply chain management that plans, implements, and controls the efficient, effective forward and reverse flow and storage of goods, services, and related information between the point of origin and the point of consumption to meet customers' requirements. Logistics management activities typically include inbound and outbound transportation management, fleet management, warehousing, materials handling, order fulfillment, logistics network design, inventory management, supply/demand planning, and management of third party logistics services providers. To varying degrees, the logistics function also includes sourcing and procurement, production planning and scheduling, packaging and assembly, and customer service. It is involved in all levels of planning and execution-strategic, operational, and tactical. Logistics management is an integrating function which coordinates and optimizes all logistics activities, as well as integrates logistics activities with other functions, including marketing, sales, manufacturing, finance, and information technology" (<https://cscmp.org> Page 117, retrieved 25-10-2015). From time to time, various academics and professional organizations have defined logistics management in their own way, which sometimes stands out from others versions.

Lambert, Stock and Ellram (1998), has clarified 'logistics' as 'Business Logistics', 'Channel Management', 'Distribution Management', 'Industrial Logistics', 'Logistics Management', 'Material Management', 'Physical Distribution', 'Quick –Response Systems', 'Supply Chain Management', and 'Supply Management'. The Oxford English Dictionary has defined

logistics as "the branch of military science relating to procuring, maintaining, and transporting material, personnel, and facilities". Global logistics activities are a complex set of logistics operations involving many different logistics partners from various regions of the world.

The globalization of trade affects logistics activities immensely and the multimodal or multi-party activities become more evident in the world business scenario as the business ventures cross the boundaries of the sovereign nations, A balanced and aligned logistics relationship between cross-border parties becomes evidently crucial for the success of the entire operations. Logistics activities were around for centuries since ancient times when Dutch, French, Portuguese, English, Greek, Romans, and Arabs used to roam around the world looking for trading opportunities. The industrial revolution, technology, and the Internet have significantly revolutionized the logistics industry worldwide. Among all these, the business relationship between the logistics service provider and their client's are vital for an efficient operation but unfortunately this important feature have not been given much thought until recently.

2.2 Logistics as a branch of Supply Chain Management

These days there is a general tendency of overlapping of logistics management with supply chain management. However, as per Liu X. (2014), the fact that ‘logistics’ has been around for a long time and supply chain management is just a relatively new concept; which has been coined by Keith Oliver in 1982 (A Management Consultant at Booz Allen Hamilton (Russell 2007)). New and current literature have started using relationships in supply chain management compared to just logistics relationships used by past researchers. In essence, supply chain management integrates supply and demand management within and across companies. As per Liu X. (2014), if we analyze both the definition of logistics and supply chain management we will realize that the scope of supply chain management is bigger and broader than logistics management and it will occur to us that logistics management is a branch of supply chain management. The debate on the difference between logistics and supply chain management and which part is bigger than the other is rather unfortunate and should be overlooked as the definition by Lambert, Stock, and Elram (1998) provides a good analogy and does shed light on this confusion on the definition issue.

According to Langley C.J. (1986), “some authors go great lengths to provide concise definitions of logistics and supply chain management, the fact that in actual business practices today these terms in many ways are used interchangeably”. Each expert in this field has at least a different interpretation of what logistics management and supply chain management means and although their functions are similar, the logistics and supply chain experts worldwide have always come up with their version of definitions. As per Langley C.J. (1986), the reason why terminology will not be an issue if it is assumed that there is some common understanding that, any or all of these expressions refers to a comprehensive

set of activities relating to the movement and storage of product and information. These activities are all undertaken to achieve two common goals, namely, providing an acceptable level of customer service and an operating a logistics system to warrant overall conformity to customer requirements and needs and demands. The comparison and body of the definition from both CSCMP and CLM clearly indicates that supply chain management is more boundaries spanning than logistics management and logistics is a division of supply chain management without contradicting each other, Liu X. (2014). As per Ballou (2007), it 's difficult in a practical way to separate business logistics management from supply chain management as in so many ways they both promote the same thing which is to get the right goods or services to the right place, at the right time, and in the desired condition, while making the greatest contribution to the businesses productivity. Bowersox, Closs, and Cooper (2002) has clarified the supply chain management and logistics overlapping issue in a much simpler and transparent way; according to them, in comparison to supply chain management, logistics is the work required to move and place inventory throughout a supply chain. By itself, logistics is a subset of supply chain management and occurs within the broader framework of a supply chain. Integrated Logistics serves to tie and coordinate the overall supply chain activities as a continuous process and is paramount for effective supply chain connectivity. In the end, it should be clear to the industry and the academics that there is no scope left to confuse Logistics and Supply chain management as Logistics is an integral part of the whole supply Chain.

2.2.1 Logistics Outsourcing

The recent trend of focusing on core competence has contributed to the popularity of logistics outsourcing, Yeung et al. (2012). In the logistics service industry, third party logistics (3PL)

providers add value to users by improving operations efficiency and sharing resources and information (Berglund et al. 1999). Acting on the information provided by users, third party logistics (3PL) providers can not just only reduce users' inventory and stock out costs, but they can also help users better navigate through the web of government regulations and obtain customs clearance to avoid unnecessary delay (Selnes and Sallis, 2003). Logistics outsourcing could bring a handsome remuneration and become a part of the corporate strategy for businesses (Sahay and Mohan, 2006). As per industry practices, outsourcing is classified into two categories: The first one is out-tasking, where outsourcing activity is completed outside the organization but the organization retains full control over the operation by defining the task and process of execution. The second one is in the form of partnership, where the client passes the discretion regarding the implementation of tasks to the vendor. It means passing ownership and control of activities performed in-house to an outside third party contractor (Willcocks et al. 1995). In the end logistics, outsourcing is just a method of engaging two parties into getting the job done somewhere else than the owner's internal area in a rather economical and professional way.

The figure 2 explains how logistics outsourcing has been evolved since the 1970's to its current state.

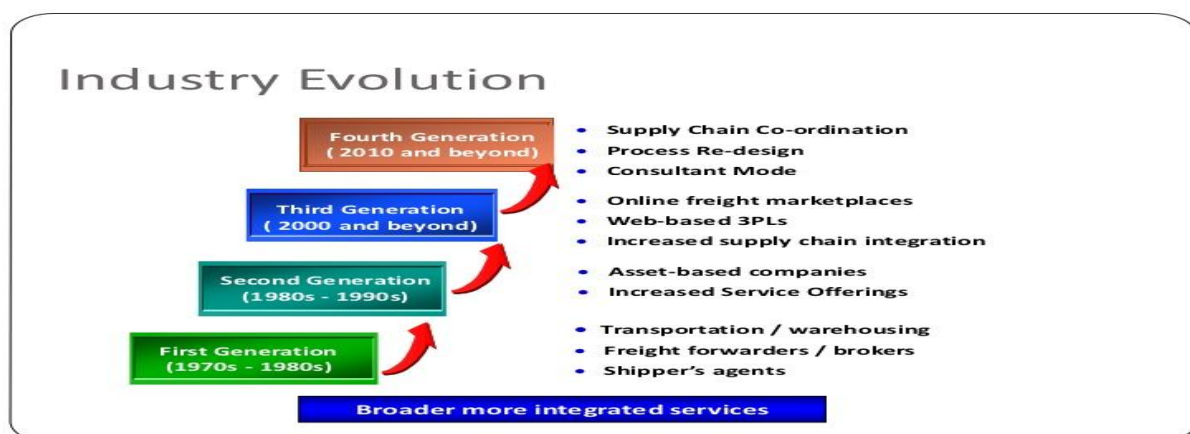


Figure 2: Evolution of logistics outsourcing

(Courtesy: <http://www.slideshare.net/ekmusibat/the-state-of-3PL-industry>; Slide5).

The figure 2, accolades the study of Rajeshbhai, S. T. (2015) of 3PL evolution where he labeled logistics activities into their different eras. As per Rajeshbhai, S. T. (2015) Agricultural based economic (1916-1940), The military era (1940-1960), the industrial economic era (1960-1970), the management science era (1970-1980), the information technology and management strategy era (1980 until present) and the state of social marketing era has been labeled as the future of the logistics activities.

Researchers have reported on the topic of outsourcing of logistics functions from several perspectives, including overviews of the industry. Keys to successful outsourcing relationships, selections of logistics service providers and international perspective on logistics outsourcing, (Boyson et al. 1999, Lieb, Milen, and Wassenhove 1993; Lieb and Randall 1996; Murphy and Poist 2000; and Kneyemer et al. 2003). Many motivational factors that influence outsourcing decisions, such as the desire to focus on core competencies, achieve cost efficiencies, gain access to information technology, (Langley C.J. 2005; Hofer et al. 2009). Outsourcing has become a common phenomenon to global businesses these days. Logistics outsourcing has attracted growing interest in recent years as managers consider whether it is in their best interest to perform activities in-house or let them perform by specialist like a logistics service provider (LSP), (Bolumole et al. 2007). Logistics service providers are companies, which perform logistics services on behalf of their clients, either wholly or only in part, (Delfmann et al. 2002; Krauth et al. 2005). Examples of such logistics services are inventory management, warehousing, procurement, transportation, systems administration, information systems, materials sub-assembly, contract manufacturing and import, and export assistance, Hofenk et al. (2011). The industry evolution has broadened the horizon of the logistics outsourcing as more and more operations are being performed outside the businesses leaving them to concentrate on their own core strength.

2.2.2 Definition of Third Party Logistics

A third party logistics firm is defined as an external supplier who performs all or part of a client company's logistics functions. This definition is supposedly broad in the sense that it encompasses the provider's services such as warehousing, transportation, distribution, financial services and so on. Depending on the logistics service provider and its positioning itself in the market the term 'Contract Logistics' and outsourcing are often used in place of third-party logistics. There are also other diverse and desirable features of a true 'third party logistics' and among these multiple logistics activities are 'integrated', or 'managed together' and they deliver solutions to the logistics and/or supply chain problems, Coyle, Bardi and Langley (2003). Same service is being labeled or named differently in various parts of the world, for example, some countries call outsourcing of logistics activities as 3PL services where in some other geographical regions it is called contract logistics.

According to Razzaque and Sheng (1998), Muller (1993) seems to be the first author to identify different types of third party logistics (3PL). According to Muller (1993), there are four distinct varieties of third party logistics (3PL):

- **Asset-based third party logistics (3PL):** third party logistics (3PL) that uses their assets (Truck and warehouses) to offer dedicated logistics services.
- **Management based third party logistics (3PL):** Logistics consultant firms or management information system providing firms fall into this category.
- **Integrated third party logistics (3PL):** This type of third party logistics (3PL) invest heavily in their infrastructure and have their assets but at times uses sub-contractors to complement to their ability.
- **Administration based third party logistics (3PL):** Firms offering this type of services are companies like offering Freight payment or payroll services.

2.2.3 Types of Third Party Logistics (3PL)

The modern logistics industry is a very complicated and competitive marketplace where third party logistics provider (3PL) are equipped with specific resources and know-how, like infrastructure, financial resources, reputation, size, business network, logistics capability, IT capability and so on to cater the various needs of its clients. And These days often logistics providers promote themselves by offering a range of comprehensive services, Coyle, J. J., Bardi, E. J., & Langley, C. J. (2003). 3PL service providers are like niche marketers of their services as different service providers promote their business using different levels of strengths to lure in logistics clients. For example, some 3PL providers promote their space, some their expertise in IT areas and some do promote their geographical locations.

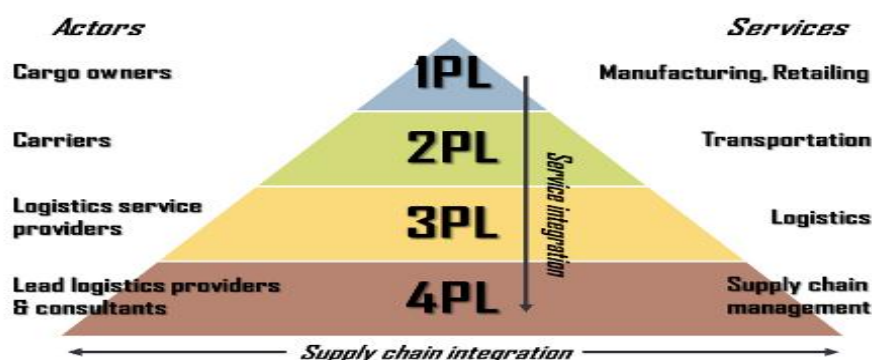


Figure 3: Layers of logistics services

(Courtesy: [https://people.hofstra.edu/geotrans/eng/ch5en/conc5en/layers to logistics services.html](https://people.hofstra.edu/geotrans/eng/ch5en/conc5en/layers%20to%20logistics%20services.html)).

Figure 3 discusses a variety of layers of different types of logistics services we see in the marketplace since the beginning of the logistics activities. It elaborates on the services provided at various levels of logistics activities and the responsibilities of the parties and the actors and players involved in the whole logistics operations. In line with Coyle, J. J., Bardi, E. J., & Langley, C. J. (2003) views 1PL and 2PL is categorized as transport and distribution

based logistics activities; 3PL can be labeled as distribution and freight forwarder based activities and 4PL for the financial and information based logistics activities.

As per Coyle, J. J., Bardi, E. J., & Langley, C. J. (2003) third party logistics operations are further categorized by the offering of their services and activities they perform as below:

- **Transport Based:** In earlier days transport companies were individual companies with their fleet of trucks were providing transport services. Nowadays the scenario has changed dramatically as most of the big names in logistics and freight and parcel industry have their fleet of transport. Moreover, these companies like Fliway, DHL, Fed-ex, Linfox, TNT have their transport wings, which are subsidiaries of their parent organization. In New Zealand scenario companies like Streamline, Daily Freight, Mainfreight, Roadstar, PBT would be an outright and specialized transport service provider.
- **Warehouse and Distribution Based:** In earlier days most warehouse and distribution based logistics service providers have been in the public or 'contract warehousing' and then expanded to offer a broad range of services. For example, DFDS and DSV now offer a complete package service related to freight and logistics, initially only being a trucking company in Europe.
- **Distribution Based:** These types of logistics providers are an extension of Transport and Warehouse and distribution based providers. They are already involved in inventory management, warehousing, distribution, and so on. Industry experience indicates that this type of logistics provider compared to their traditional transportation providers finds transforming into an integrated logistics service to be less complicated.

- **Freight Forwarder Based:** many firms fall into this Logistics Service Provider category; all the big names worldwide like DHL, UPS, TNT, EXEL, Kuhne-Nagel, and DSV. These companies have emerged from their middleman type of freight forwarding, customs clearance role to end up offering complete logistical services sometimes using their resources and at times using other sub-contractors to meet their customer's needs.
- **Financial Based:** This new area of logistics service providers where companies help look after clients payroll and accounts and payments and also looking after things like monitoring, booking, tracking, tracing and managing inventories for their customers.
- **Information Based:** With the rising of e-commerce, worldwide IT capability has been a major talking point and strength for logistics service providers. There are numerous companies especially IT based companies offer these services to logistics service providers who lack their IT abilities and cannot afford Management Information System Softwares like Cargo-wise EDI, SAP, and so on.

These last two logistics' services are the new-age service provider that distinguishes the modern logistics service providers from the traditional providers of logistics services who mainly concentrated on warehousing, distribution and transportation services.

2.2.4 Overview of Logistics Relationships

Logistics relationship between the parties involved in a service agreement is critical to the day to day running of the business. As per Coyle, Bardi, and Langley (2003), in general, there are two different kinds of logistics relationships:

- **Vertical Relationships:** This kind of logistics relations refers to a more traditional type relationship between retailers, wholesalers, and distributors manufacturers, and parts materials suppliers in the supply chain. Logistics service providers are involved in a day-to-day activity as they serve their customers fall into this traditional vertical relationship form.
- **Horizontal Relationships:** This type of logistics outsourcing arrangement includes those business agreements between firms that have parallel or complementing positions in the logistics process. A horizontal logistics relationship is service agreement between two or more independent logistics service providers and the arrangements are customarily based on trust, cooperation, shared risks and investments and following mutually agreeable goals. In this type of logistics set up, each business is supposed to contribute to the firm-specific logistics skills or know how which it specializes, and each party exercises then monitors those tasks while endeavoring to integrate its services with the other logistics service providers.

Although the different types of logistics service agreements may differ the service providers from each other but the ultimate goal of the service providers is to maintain the amicable business relationship with their clients by fulfilling the needs of the customers by providing reliable service as per the requirement of the client.

2.2.5 Third Party Logistics Relationships Overview

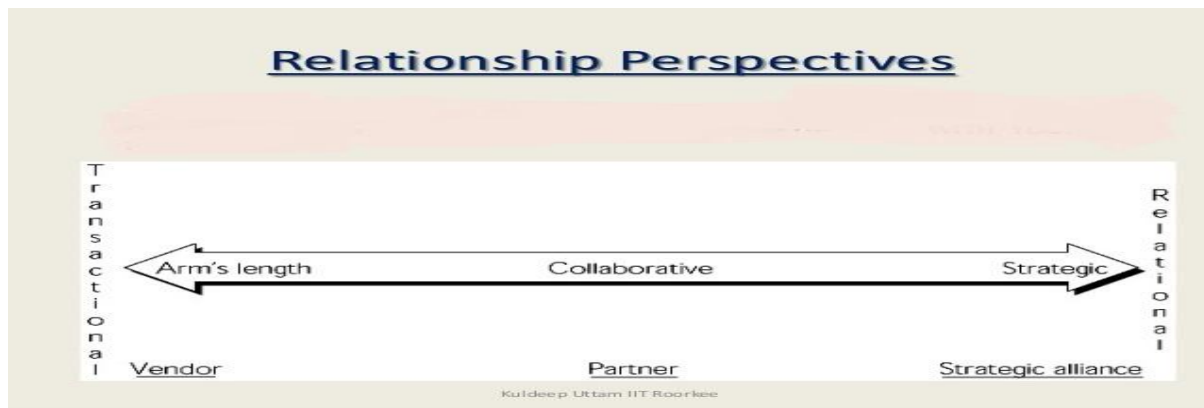


Figure 4: 3PL Relationship perspective

Courtesy: (<http://www.slideshare.net/KuldeepUttam/third-party-logistics-32004062>, Slide 34).

If we analyze the above figure 4, we can see that the Third-party logistics relationship ranges from being a vendor to a strategic alliance and we discuss them as below in detail:

- **Arm's Length:** In a more traditional /a provider of a product or service represents vertical logistics-outsourcing set-up, a supplier, and there is no integration or collaboration with the logistics client or customer. In this type of scenario, the relationship is a transactional and the parties involved in this sort of arrangement are called 'Arm's Length. Moreover, as the definition suggests in this form of logistics relationship where there is very little or low level of involvement as it this type of logistics relationship is based on the transaction by transaction.
- **Strategic Alliance:** As much as these titles suggest there are more than two or more parties involved in this sort of logistics outsourcing arrangement where business entities willingly modify their goals of activities and co-operate each other to achieve a much larger goal and objectives. As per the definition, this type of logistics relationship are planned and relational regarding the business partners involved. This form of logistics relationship supposedly benefits the involved parties by having a committed relationship, reducing uncertainty and improving communication,

increasing loyalty, trust and establishing a common goal-vision and helping achieve overall target and objectives. Although the challenge for this sort of logistics relations is heavily committed resource, significant opportunity cost and a massive switching cost.

- **Partnership:** Partnership is more collaborative than the previous arm's length and strategic alliance type of relationship. Partnership typically implies a customized business relationship to produce and achieve results for all parties that normally would be more acceptable and achievable than any individual entity. The conglomerate between logistics partners can take many forms depending on their aims, participants, legal ownership and so on.

2.2.6 Levels of Third Party Logistics Outsourcing Relationships

As per the 20th Annual 3PL study by Langley C.J. (2016), every third party logistics service arrangements are unique the way its logistics relationships evolve with its logistics client and the reports also quotes that, “the biggest challenge of outsourcing relationship is to achieve highest levels of alignment between the 3PL customer, 3PL provider, and 3PL carriers”.



Figure 5: Relationship perspective of Levels of Third Party Logistics Outsourcing Relationships

(Courtesy: Capgemini 20th Annual 3PL Study report 2016).

Figure 5 offers another perspective on the types of 3PL relationships, it also emphasizes that the parties involved in the 3PL relationship are to invest in the relationship and share the returns on their investments. It is these types of relationships especially at the strategic level that there is an alignment of business and operational goal, Langley C.J. (2016).

As per (Bolumole, 2001), the extent of logistics outsourcing can be conceptualized at three different levels: operational, tactical and strategic, representing an increasing extent of logistics outsourcing. To understand the functions of third party logistics (3PL) and the different types of third party logistics services, following are the various levels of 3PL

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outsourcing relationship arrangements we come across in the logistics industry worldwide, Langley C.J. (2016):

- **Tactical (Traditional Partner):** Based on transactions by transaction basis, this type of outsourcing arrangements are standard with no long-term contracts, and usually price sensitive. There is no bonding between the third party logistics (3PL) and the outsourcing company as the service level is often negotiated by cost of the service
- **Operational (Service Partner):** Logistics outsourcing business in this type of arrangements are usually on a long-term basis with negotiated rates and contracts. Logistics customers in this type of arrangement look for industry expertise and assured logistics and supply chain visibility.
- **Strategic (Collaborative Partner):** This type of logistics arrangements are the result of long-term relationships with relatively positive outcomes. 3PL partners view each other integral part of the whole operation and ensure that there is a strategic alignment to attain the ultimate business goal.

2.3 Background and Scope of Research

As the world economy grows together with its technological advancements, the way of doing business is going through a radical transformation. The ‘relational view’ of competitiveness has replaced the more traditional resource-based or market-based views which see business success as a function of access to crucial resources or as a result of exercising market power, (Junquria R. 2010). Logistics is strategically important in many industries globally as it is central to achieving competitive advantage (Bowersox, Closs, and Cooper 2010). Outsourcing all or parts of the logistics function is a popular practice, especially prominent companies that consider logistics a strategic function. It is estimated that over 70% of these firms use a Third Party Logistics Provider (3PL) to manage at least a portion of their logistics activities (Langley, Allen, Tyndall 2001). Logistics clients typically outsource a variety of logistics activities to achieve firm-specific objectives. These activities include: ‘Reducing Cost’ (Aimi 2007; Jiang, Frazier, Prater 2006; Zhang and Lim 2006); ‘Improving Product Quality’ (Bardham, Whitaker, Mithas 2006); ‘Improving Flexibility’ (Zhang and Lim 2006); ‘Increasing Market Coverage’ (Skjoett-Larsen 2002); ‘Gain ready access to additional capacity’ (Linder 2004; Mason et al.2002). As per Industry pundits, businesses outsource the whole or part of their businesses by and large to tap into the expertise of the 3PL providers, free up their resources, and at the same time attain maximum level of customer services.

According to Panayides and So 2005, ‘the prominence of outsourcing the logistics functions and the significance of investigating supply chain relationship renders Logistics service provider –client relationship worthy of scholarly attention’. Marasco (2008, p141) specified that a need for outsourcing research and called explicitly for studies that would lead to a deeper understanding of behavioral complexities that emerge through the interaction between

buyer and the Third Party Logistics (3PL) provider. Even after all these prized and praise-worthy factors, at least 50% of the logistics outsourcing relationship fails to meet the expectations of the business arrangements and relationship management is deemed to be the glue in retaining these relationships. Different businesses outsource their non-core activities for different reasons. For some businesses, it is a straightforward survival decision and for some businesses, the reason to outsource is a rather strategic decision.

As past research indicates, logistics outsourcing relationships often fail due to a lack of trust, commitment and communication skills between parties, (Willenweber et al. 2008). Furthermore, The 'relational view' of competitiveness and long-term relationships with your logistics partners has taken the place of more traditional resource-based or market-based views which see business success as a function of access to crucial resources or as a result of exercising market power, Junquria R. (2010). In recent years, businesses globally are coming in terms of the value of successful customer relationship management and its impact on the customer retention. As keeping the business of the old loyal customers are proving to be less expensive options for the business. In 3PL businesses opportunists is a common threat for 3PL service providers, therefore forging a long-term relationship with clients are becoming a way of mitigating threats from competitors especially in logistics industry worldwide. Like any other relationships, the logistics outsourcing relationship also fails time to time and the inherent reasons, starts from a lack of trust, poor communications, lack of skills and expertise and one of the prime reasons might be a lack of customer satisfaction as well.

2.4 Direction from Literature Review

The challenge all marketers face today is in finding ways of increasing customer loyalty and client retention. Transforming indifferent customers into loyal ones and establishing a long term relationship with customers is critical for business success, (Bhardwaj, 2007) and Alrubaiee, L. & Al-Nazer, N. (2010). As per Jonsson (2008); Fredriksson, A. & Liljestrand, K. (2015), a big part of logistics activities involves relationship management between 3PL providers and customers. This process covers developing deep and long-term relationships with clients and suppliers through creating a link between supply chain members, thus enabling the integration of other processes in the supply chain network. We have further segregated our review research based on three different subgroups: Research by theme/focal point, theory base and finally methodological approach.

2.4.1 Research by Focal Point / Themes

Africk and Calkins (1994), Knemeyer et al. (2004), has defined 3PL as the relationship between logistics customer and third party provider (3PL) which they compared with the basic services, has more customized offerings, encompasses a broader number of service functions and is characterized by a longer-term, more mutually beneficial relationship. Panayides and So (2005) articulated in the perspective of supply chain management, 3PL service providers are increasingly significant in the context of supply chains and requires a close understanding and alliance with their logistics clients to understand their business and assist them in improving the supply chain process. As per Rajesh et al. (2011), the result of a closer relationship between 3PL service providers and their clients the performance of the whole supply chain is improved. Developing close relationships with 3PL service providers

has been acknowledged in the literature as a beneficial strategy for 3PLs and logistics customers. The articles in this review are selected based on searching by keywords like ‘relationship’ or ‘logistic outsourcing relationship’ related articles. After careful and thorough study and assessment of the selected articles, a few number of focal points or themes came to light, and they are summarized as below: (Please refer to Appendix 1): if we analyze the content we will see the following focal point or themes of the research:

1. Logistics Outsourcing in general
2. Guanxi and its influence
3. Integrating Supply Chain factors
4. Conflict Management, contract management
5. Trust, Loyalty, flexibility, capability, commitment, sustainability, opportunism, risk, dependence as a relationship diver
6. Relationship Marketing and Relational benefits, relational governance
7. Collaboration in Transport Management
8. Key Success Factors in Logistics outsourcing.
9. Contractual factors in logistics outsourcing
10. Logistics Innovation
11. Global outsourcing
12. Reverse Logistics

2.4.2 Capacity of Research Subject

The businesses decision to the outsourcing of logistics operations comes from various business situations while studying the US businesses, Sheffi (1990) and Sahay and Mohan (2006) pointed out that cost saving, concentrating on one’s core strengths, improving service

standards are the main motivating factors for outsourcing logistics activities. As for automobile sector, the western countries car makers have had outsourced their manufacturing operations to both local and offshore companies to survive the competition. Almost identical findings were recorded by Richardson (1990a), Bardi and Tracy (1991), Sink et al. (1996), Richardson(1992), Richardson (1990b), and Sahay and Mohan (2006). They all outlined that ‘reduction in capital investment’, like in ‘equipment’, ‘facilities’, ‘human resources’ and ‘on-time delivery improvement’, are few significant and driving outsourcing reasons for the businesses worldwide. Studies from Gooley (1997), Vaan Laarhoven et al. (2000) and Larson, and Gammelgaard (2001) have all indicated in their findings that the European businesses outsource their logistics operations to gain flexibility in their operations. Bhatnagar et al. (1999) in their study for Singaporean manufacturers and Arroyo et al. (2006) in their study of Mexico businesses: has outlined that ‘cost saving’, ‘customer satisfaction,’ and ‘flexibility of operations’ are the main catalyst behind the businesses decision to outsource. Logistics outsourcing decisions most of the times are motivated by the inherent demand of the specific industry, for example, a clothing businesses outsourcing decision would be different than a car manufacturer and so on.

Lynch (2004) and Arroyo et al. (2006) indicated that ‘flexibility in operations’ and ‘opportunity to reducing the inherent risk of business’ are also dominant factors leading towards outsourcing the logistics operations. Sohail and Sohal (2003) in their study of Malaysia pointed that ‘better professionalism’ as the outcome of logistics outsourcing. As per Radnor (1991), fewer businesses these days possess the extensive capabilities required to compete in today’s fiercely competitive business environment. Dyer and Singh (1998) outlined that to access to ‘added capabilities’ business are more than ever opting to outsource their logistics operations. Anderson and Joglekar (2005) established that businesses are

outsourcing mainly to achieve the technical expertise for faster access to the market. Holcomb and Hitt (2007) outlined that some firms are turning to outsourcing their operations to increase their in-house capabilities to more advanced and value-added operations by re-allocation of resources. Quinn (2000) credited outsourcing for ‘gaining innovation capabilities’. Logistics outsourcing clients tend to lean towards outsourcing decisions sometimes to fend off competitions and gain added flexibility in their operations and at times to get access to better technology like IT expertise of the service provider.

Now if we have a look at the adverse effect of logistics outsourcing, according to Barthelmey (2003), often businesses fall into the snare of wrongful assessment of the implications of the outsourcing on their business. As per a study by Tsai et al. (2008), there are three possible risks such as ‘relationship’, ‘asset’, and ‘competence risk’, businesses might endure with logistics outsourcing. According to Das and Teng (1996), Fiet (1995) and Parkhe (1993) ‘relationship risk’ of logistics outsourcing is the harmful effect of relationship failures to the business. Delerue (2004) also outlined that relationship risk arises from failures like lack of understanding between parties involved in logistics partnerships, forfeiture of core proprietary rights and competitor’s invasion risk, the unfamiliarity of competence, conflict of interest, and the possible opportunistic defection of logistics partners. Das and Teng (1996) described performance risk factors as the exaggerated rivalry between participating parties, change in business regulation and above all lack of capability among logistics partners. Logistics outsourcing arrangements between parties with mismatched views, goals, and visions certainly brings with catastrophic results for both parties. Therefore the marriage of corporate goals and mindset is paramount for a logistics arrangement to be successful and attain longevity.

2.4.3 Relevance to the Research Context

According to the study conducted by Rajesh et al. (2011), there has been a significant body of research articles investigated various facets of the logistics outsourcing phenomenon. As per Stock and Lambert (2001), Logistics professionals will face many complex challenges nowadays, and significant challenges will occur in the following areas:

- Supply chain management
- Strategic planning
- Total quality management (TQM)
- Just-in-time
- Quick response
- Efficient consumer response
- Logistics as a competitive weapon
- Accounting for logistics cost
- Logistics' as boundary spanning activity
- Global logistics
- Increasing skill requirements
- Logistics information system
- Strategic alliances and partnerships
- Outsourcing
- Technological advancement
- E-commerce
- Green logistics
- Reverse logistics

Businesses planning to involve in logistics arrangements may end up facing more and relatively unknown areas of industry by the virtue of the ever-changing capability of the modern technology.

As per Kalwani and Narayandas (1995), the value of long-term relationships is that with a 3PL service provider business in a long-term relationship with selected logistics customers are capable of retaining or even improve their profitability levels more than businesses who just uses a transactional approach. Moreover, the relationship marketing literature suggests that long-term associations are more likely to be successful if the relationship is characterized by shared trust, good communications, limited instances of opportunistic behaviors, solid reputation for fairness, satisfactory prior interactions and relationship-specific investments (Kneyemer et.al 2004, Heide and John 1988, Anderson and Weitz 1989, 19992; Anderson and Narus 1990; Ganesan 1994; Morgan and Hunt 1994; Weitz and Jap 1995, R. Rajesh et al. 2011). The advantage of the long-term relationship between logistics partners is comparable with the bliss of long marriage where mutual understanding and mutual respect paves the way for success even in dire situations.

After analyzing the content of Appendix A (the theory base), it was found that Transaction Cost Theory (TCT) / Transaction Cost Economy (TCE) and Research-Based View (RBV) / Resource-Based Theory (RBT) are the most commonly used theories in recent and contemporary logistics outsourcing relationship articles. The other theories are Guanxi, Agency Theory, Grounded Theory, Contingency theory, Contract theory; Cost of Goods sold Theory, Social Exchange Theory, Social Network Theory, Resource Dependent Theory, Institutional Theory, Cultural Theory, Relational exchange theory, Power commitment theory, Commitment trust theory, Power relationship commitment theory, Relationship

Management, Relationship Marketing, Relational view, Relational strategies, Relational Benefits, Relationship Governance theory, cultural theory, Total cost ownership, Total cost of Relationship and many more. There is seemingly a set trend in that list of theories is how the ‘relationship’ related theories are on the rise and chosen as a preferred choice for logistics outsourcing research these days.

A contemporary researcher, Liu X. (2014) stated that of all the theories used the application of Transaction Cost Economies-TCE, confirms the identification by Stock (1997) and Agency Theory is one of the 53 theories recommended by Stock (1997). Overall all the theories in base theory review reveal that ‘logistics relationship’ based research is built on the existing theories used by scholars and researchers, and these theories are essential foundation and knowledge base of logistics outsourcing literature. As per Zhang Y (2009), a recent study (Sankaran, Mun, and Charman 2002), was conducted to develop theoretical insights into effective logistics outsourcing that are relevant to the New Zealand context through in-depth interviews with two third party logistics providers and two client organizations. Other than Sankaran, Mun, and Charman (2002), there has been no comprehensive study reported in the literature that has focused on third party logistics services on relationship management perspective in New Zealand.

2.5 Summary

Logistics outsourcing is a contractual relationship with the third party based on certain specified performance criteria. (Bolumole 2003). As per Bowersox et al. (2010), accommodating their client's requirement in a cost-efficient manner is deemed to be the primary rationale for the 3PL operations. 3PL logistics arrangements by the virtue of their nature identifies and prioritizes the activities required to accommodate their customers logistical needs better than their competitors by getting the seven rights to its clients: 'the right quantity of the right product at the right time at the right place in the right condition at the right price with the right information'. According to James et al (1990, 1996), the whole supply chain or the logistics channel is more than just a mere marketing channel and it is specifically designed by the virtue of the logistics agreement between the 3PL provider and the client to ensure the smooth flow of logistics activities to fulfill the customer's needs. These logistics relationships require both parties to contribute to specific investments that are rudimentary to fulfilling the objective of these relationships. Fulfilling customer needs and servicing their requirements are the main essence of the logistics partnership arrangements, a happy and satisfied customer is ready for a long-term business relationship with its provider compared to the unhappy customers.

The literature review has covered significant numbers of related articles on logistics outsourcing and logistics outsourcing relationship that was carried out by scholars and researchers from all over the world. Some of them are like: (Hofenk et al. (2011 Adobor, H. (2006); Alrubaiee (2010); Autry (2010); Barnes (2001); and Daugherty, P. J. (2011) have concentrated on the overall logistics relationships. Equally, some researchers have focused specifically on the precise relationship element of third party logistics like: Davis-Sramek et

al. (2008) on 'loyalty'; Gligor and Holcomb (2013) on 'personal relationships'; Hartmann and Grahl, A. (2011) on 'flexibility'; Jin, et al. (2014) on 'IT-capability'; Rostami et al. (2014) on 'customer satisfaction'; and Wallenburg et al. (2011) on 'Commitment and trust'. These studies concentrating on different regions, cultures, and business scenarios worldwide , however, although illuminating, none of these researches have focused on either or supported the research gap that further investigation is required to analyze the effect of customer relationship management on client retention in third party logistics outsourcing industry in unique New Zealand business context.

CHAPTER THREE – INDUSTRY TRENDS AND ENVIRONMENT

3.1 Introduction

Compelled by globalization and information technology advances, third party logistics services have experienced unprecedented growth, Yeung, et al. (2012). According to Koh and Tan (2005), the annual growth in the logistics outsourcing sector in China has been 25% on average, leading both the U.S. (10–15% annual 3PL growth) and the rest of the world (5–10%). Businesses rely on outside logistics specialists to deliver goods to their customers so that they can focus on their core businesses. Logistics clients can create competitive advantage by forming long-term relationships with 3PL providers (Coates and McDermott, 2002; Lambert et al. 1999; Yeung, 2008). As per academics like Richardson (1990a), Sheffi (1990), Bardi and Tracey (1991), Lieb and Randall (1996), Dapiran et al (1996), Boyson et al (1999), Bhatnagar et al (1999), Larson and Gammelgaard (2001), Arroyo et al (2006), Jiang and Qureshi (2006), Selviaridis and Spring (2007), Sohail and Sohal (2003) have closely studied the 3PL outsourcing business in the global context. According to them, the third party logistics (3PL) outsourcing sector in last two decades (1990-2010) has been studied with a lot more interest than it was done in the past and the trend is growing more than ever due to the changing global business environment. Global business volume has a lot more influence on the overall logistics outsourcing decisions as the more goods and services move across from one place to another the most outsourcing opportunities get created.

The academics and scholars and the industry experts tried to explain and define outsourcing in many different ways. It could mean an easy transactional decision for a business incapable of operating profitably or it could be a big strategic decision for companies in a very

competitive industry (for example car manufacturing, consumer electrical products manufacturer). The client deciding to concentrate on their core strength and cement their business reputation is the other leading reason for outsourcing. We are aware of the trend of big businesses outsourcing their manufacturing, assembling, and core and non-core operations to third parties to tap into cheaper resources or raw materials in different parts of the world. For example, readymade garments retailers (Wall-mart, K-mart, Sears, JC Penny, H&M) flocking into Bangladesh, India, Cambodia due to the abundance of cheap labor and resources and government incentives. Moreover, New Zealand businesses (ANZ, Dell, Spark NZ) outsourcing their 'call centers' to third world countries like Philippines, India to tap into the low-wage workforce there.

In next section (3.2) we also look to explore deep into the effect and impact of the common relationship drivers that glue the logistics outsourcing businesses together above and beyond each party's contractual obligations. We discuss them in the light of the businesses practices in the New Zealand logistics industry scenario and also the current trend in Australasia and global industry and the emerging issues in logistics relationships and the environment in the 3PL industry worldwide.

3.2 Uniqueness of Business Structures in New Zealand

As per Westpac Industry Insight report 2015, transport, logistics, and distribution sector employed nearly 90,000 full-time workers in 2014 (or one in twenty-five workers across New Zealand) and produced around 5.4% of New Zealand GDP, or \$12.5 billion. The success of the sector has implications for thousands of workers and businesses across the country for a small country like New Zealand, and its fortunes are a strong indicator of the health of the overall New Zealand economy.

The Westpac Industry Insight report 2015 has classified the New Zealand Transport, Logistics, and Distribution sector further into six sub-sectors:

- Logistics support services mainly freight forwarding, storage and warehousing businesses.
- Road transport including freight and passenger transportation.
- Freight and passenger transport including rail transport.
- Port services and water transport, support services like stevedoring, ferry and freight vessel services, and port terminal operations.
- Courier and postal services.
- Oil and gas distribution including import, refining, and fuel retailing.

New Zealand logistics and freight industry is doing very well for last few years and with the presence of almost all of the global logistics and freight giants, the New Zealand logistics industry is on the certain path of positive growth in near future as well.

According to the Westpac Industry Insight report, 2015 Road transport was the largest contributor to the New Zealand economy within Transport, Logistics, and Distribution, by generating \$4.3 billion in value in 2014. Logistics and support services, stimulated by freight forwarding services, contributed \$2.9 billion. In employment terms, Road transport was a vital part of this industry employing 41,000 Full time employees in 2014. Logistics support services; Postal and courier services; and O&G import, refining and distribution each provide work for more than 10,000 FTEs (Westpac, 2016). New Zealand logistics and freight industry is a great contributor to the New Zealand economy both from employment and from a financial point of view.

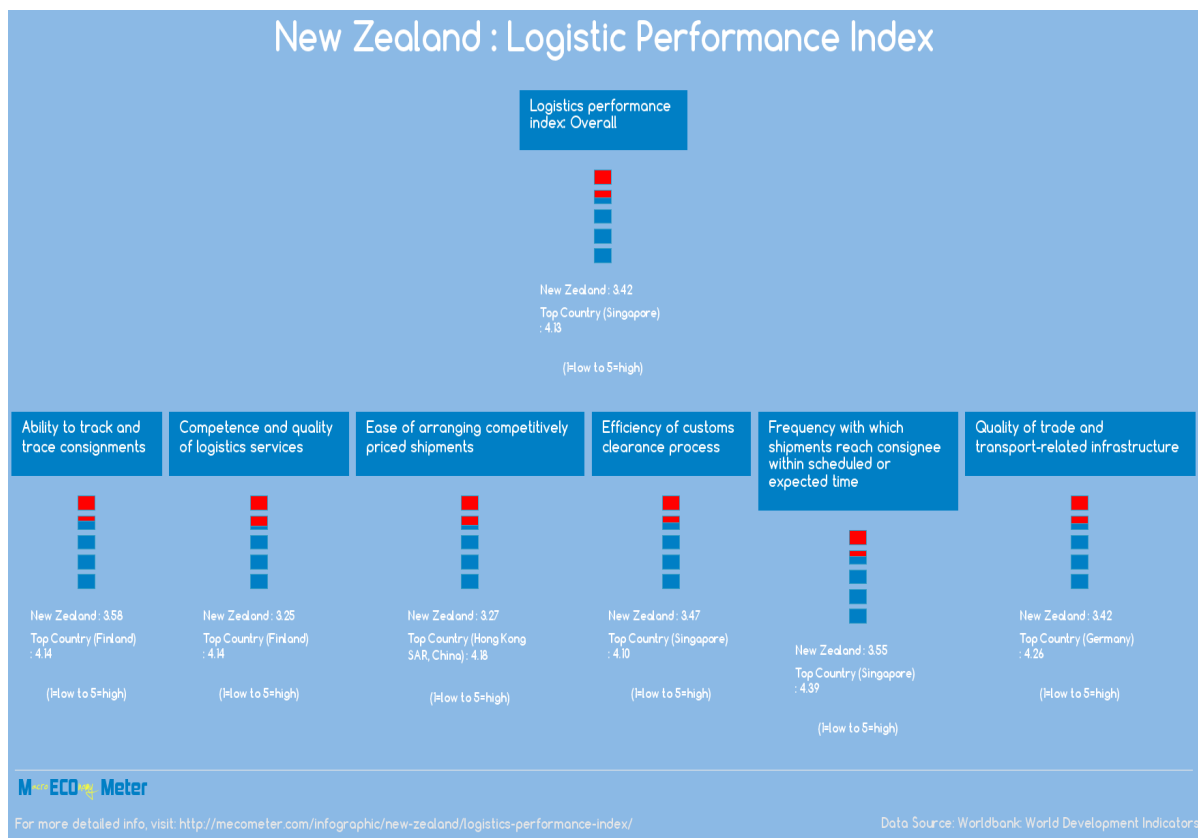


Figure 6: New Zealand Logistics Performance Index

(Data Source: World Bank, World Development Indicators): (<http://mecometer.com/infographic/new-zealand/logistics-performance-index/>).

The figure 6 above, illustrates the overall performance the New Zealand Logistics Industry as a whole. Looking at the index it is probably right to assume that there is a room for

improvement in the performance of the New Zealand logistics services comparing to its neighbors and global logistics partners.

As per the New Zealand Government Small Business Sector Report (2014), Small businesses play a significant role in nearly all of New Zealand's industries. The proportion of small business in industry sectors broadly correlates to New Zealand's highest value sectors. Small businesses are found from corner to corner of the economy, Other than education and training, where small businesses (6-19 employees) are the most common size, the firm size pattern is similar for most industries, with them mostly being comprised of zero employees, followed by micro businesses, small businesses, small-medium businesses and then a comparatively small number of medium and large businesses. Around 97 per cent of enterprises in New Zealand are small businesses with around 459,300 firms in a total number of SME operating that includes around 326,000 SME's with no employees. 97,400 micro (1-5 employees), and 35,900 small (6-19 employees). The number of New Zealand employing ventures has not changed noticeably over the last decade and the high proportion of all enterprises that are small businesses is similar to the pattern found in most OECD countries. (The New Zealand Government Small Business Sector Report 2014). The population, the geographic location, the business structure and the size of the businesses, in general, makes New Zealand business industry unique compared to the other regions of the world.

New Zealand freight forwarding and logistics businesses are predominantly Auckland-based and employed more than 14,200 FTEs in New Zealand in 2014, and contributed \$2.9 billion to GDP. Auckland region is the hub of the scale of Logistics support activities. Although Christchurch and Tauranga have large ports and significant demand for logistics support, larger businesses in this sub-sector are headquartered in Auckland. As a result, Auckland

region is the top contributor with 60% of all Logistics support service activity. The Smaller splits of activity in the sub-sector are located in the Wellington Region, and around 20% are based on the outer of the five main centers for Logistics support services. Due to the size of the businesses, the density, and spread of the market; the interaction between the parties offering logistics services and their clients may be less formal compared to the other parts of the global logistics network.

Therefore the personal relationships between the top executives among the logistics partners ought to play a fundamental role in most of the time in shaping and forging the future direction of the business . More studies are required to investigate the current buyer-seller relationship in the logistics industry in New Zealand in order to explore reason as below:

- what are the underlying reasons for any logistics customers to carry on doing business with its logistics provider for a long time even there is an opportunity to change its current logistics partner and save on their logistics cost?
- Are the business relationship problems occurring in the logistics operations due to temporary or cyclical influences of the economic activities?
- Are the structures of New Zealand businesses such as the size of the businesses, the concentration of the business, the size of the industry or the ownership types play an important role in the business relationship between logistics parties?

There are hardly any investigative and exploratory research has been conducted so far that has looked into the unique New Zeland business scenario and the impact of long-term buyer-seller relationship in shaping the future of the business arrangements. Therefore further study is required to see the sights, examine and analyze the role client relationship management play in successful and profitable logistics business operations. It would also be worth

exploring the underlying impact of long-term business relationship on client retention in the 3PL logistics outsourcing businesses. Given the New Zealand business scenario where the market is very competitive, dense and clustered. Also under the scrutiny is the role personal relationship between buyer and seller in keeping the company successful in the New Zealand Logistics industry. We will have some answers for the above questions in our chapter 5.

3.2.1 Logistics Outsourcing Trend in Australia and New Zealand

Logistics and freight industry are significant contributors to the Australian and New Zealand economies as they provide employment for a significant number of populations for both countries. The logistics industry in both Australia and New Zealand is relatively mature with the support of the strong economies that has been observed for last few years. The logistics market in the two countries is estimated in excess of AU\$66 billion (US\$49 billion) per annum. As per Zhang Y (2009), upon taking on the challenges of globalization, new production and supply-chain processes and technological advances, the Australian logistics industry has rapidly evolved and is still extremely competitive. It has been forecasted that the size of the freight market in Australia will double over the next 15 years. The performance of the logistics and freight industry in Australia and New Zealand is phenomenal and even at the time when the world economy was in a recession both this country have shown tremendous growth in their logistics and freight industry.

The industry is made up of both strong local service providers and global providers, which both support domestic logistics activities and freight imports and exports. It is estimated that half of the logistics market is outsourced (Zhang Y 2009).

Region /Country	3PL Usage %	Source
Asia-Pacific Region	84%	Capgemini 2004 (6)
China	55%	2003 China Logistics User Survey (14)
New Zealand	67%	Massey University Student's Research 2003 (15)
Australia	60%	ALPHA Research Consortium – 2004 (16)

Table A: 3PL Usage within Asia Pacific, (Courtesy: Sangam VK (2005))

Table A illustrates the extent of 3PL services usage by logistics clients in Australasia and Asia Pacific region. It shows that the Asia pacific partners of Australia and New Zealand are

outsourcing their business activities in a larger numbers compared the New Zealand and Australian businesses.

Logistics Activity	North America	Western Europe	Asia Pacific	China	New Zealand
Strategic Activities :					
4PL Services	10.00	19.00	24.00		
Carrier Selection	13.00	25.00	8.00	21.00	3
Consulting Services	21.00	12.00	28.00	7.00	
Factoring (Trade Finance)	2.00	7.00	0.00	5.00	
Freight Bill auditing/payment	53.00	19.00	8.00	7.00	10.50
Information Technology	19.00	24.00	16.00	11.00	15.80
Inventory Ownership	6.00	9.00	4.00		
Product	16.00	16.00	12.00	9.00	
Assembly/Installation/Manufacturing					
Rate Negotiation	14.00	12.00	0.00	7.00	10.50
Supply Chain Manager	7.00				
Tactical Activities :					
Inventory Management	16.00	27.00	40.00	27.00	10.50
Order Entry/Processing/Customer Service	8.00	7.00	16.00	23.00	2
Order Fulfillment and distribution	35.00	22.00	52.00	14.00	10.50
Procurement Logistics	16.00	33.00	24.00	5.30	
Product Marking/ Labeling/Packaging	25.00	29.00	20.00	18.00	15.80
Product Returns and Repair	22.00	30.00	36.00	5.00	15.80

Returns/Reverse Logistics	27.00	32.00	32.00		
Shipment planning/Distribution	13.00	15.80			
Control					
Warehousing	72.00	70.00	88.00	46.00	52.60
Transactional Activities:					
Cross-Docking/Shipment Consolidation	55.00	49.00	40.00	49.00	47.40
Customs Brokerage	60.00	34.00	88.00		
Customs Clearance	57.00	48.00	68.00	29.00	
Fleet Management	9.00	18.00	40.00	21.00	10.50
Freight Forwarding	47.00	40.00	84.00	38.00	
Inbound Transportation	54.00	82.00	84.00	63.00	
Outbound Transportation	66.00	89.00	100.00	86.00	78.90

Table B: Logistics Activities Outsourcing in worldwide in percentage

(Trademarked by Andersen Consulting (now Accenture): courtesy- Sangam VK (2005).

(The table B above is produced by Sangam VK (2005) based on Capgemini report (2004), The 2003 China Logistics User Survey, The ALPHA Survey – 2003, and Massey University). Study 2003, to explain different levels of outsourcing and Logistics activities outsourced to 3PL companies. As per the data provided in Table B New Zealand, companies are relatively active in areas of basic logistics and warehousing operations like warehousing, outbound transport and cross docking or shipment consolidation. As per the statistics from this table, warehousing, cross-docking, and outbound transportation are most outsourced logistics activities given the New Zealand logistics business scenario.

3.2.2 Logistics Outsourcing and Logistics Relationships

Over the past few years, there has been a significant change like relationships between third-party logistics providers and firms use their services and technological advancements, and Internet has had a major role in shaping up these business relationships. There is an increasing recognition that companies may need to build and manage closer, longer-term relationships with their suppliers and customers, Langley C.J. 2007; Lieb and R Bentz 2005; Golcic and Mentzer 2006 and Hofer et al. 2009. Relationship management is the major competitive weapon for logistics service provider these days in order to save their business interests from the opportunistic behavior of the customers and the competitors.



Figure 7: 3PL Customer and provider Relationship overview, (Langley C.J. 2016, 20Annual 3PL Study).

In agreement with the figure 7, Langley C.J (2016) in their 20th Annual 3PL report has suggested that there is a consensus of continued collaborative and positive relationships between logistics clients and third-party logistics providers. The figure 7 further strengthens that the 3PL providers and their customers are becoming more capable at their logistics

activities, individually as well as together, which is improving the quality of their relationships.

The management of personal relationship is the most questionable aspect of supply chain management and one that is least understood, according to Gligor and Holcomb (2013). In the context of this study, the logistics outsourcing has been stated as a relationship between a customer and third party service provider which, compared with basic services, has more customized offerings, incorporates a broader number of service functions, and is categorized by a longer term, more mutually beneficial relationship, (Kneyemer et al. 2003; Sink, Langley, Gibson 1996). In their research, Lian and Laing (2007, p 710) highlighted that acknowledging the central role of relationships in the management of the purchasing process, examining the manner in which relationships in particular personal relationships are built and managed is invaluable in understanding the processes underpinning the purchasing of professional business services. Customers involved in relationships with third party logistics providers (3PL's) have been found to experience higher levels of trust and commitment (Knemeyer et al. 2003, Hofer et al. 2009). Mutual understanding between top executives of the partnering businesses sometimes paves the way for the long-term relationship and success of the logistics arrangements.

Third party logistics providers engaged in logistics activities can also develop vital capabilities, such as organizational learning and improved innovation abilities, therefore promoting improvement in the supply chain, operational, and market performance (Hofer et al. 2009, Panayides and So 2005; Sinkovics and Roath 2004; Stank et al. 2003). Third party logistics providers (3PL's) also profit from forming close relationships with customers by experiencing higher levels of customer retention and new customer referrals (Knemeyer et al.

2003, Hofer et al. 2009). A variety of benefits have been associated with businesses nurturing close relationships; such as higher levels of trust and commitment, (Autry and Golicic 2010; Golicic and Mentzer 2006); higher levels of customer retention, increased customer referrals (Kneymeyer et al. 2003); improved logistics operational and overall market performance, (Stank et al. 2003; Sinkovics and Roath 2004; P.M. Panayides and Meko So 2005). Logistics partners benefit from the mutual trust, communication, commitment and loyalty and these relational features help maintain the long-term relationship between logistics partners and ensuring high client retention rate.

The key success factors to stay alive in mature markets rely on healthy long-term relationships with stakeholders (De Madariaga and Valor, 2007). Relationship marketing theory suggests a need for some mutuality in the logistics partnerships since it promotes longer-term relationships based on trust (Ganesan 1994; Hingley 2005; Rokkan and Haugland 2002). Businesses with positive experiences with logistics associating (with other 3PL's) may have more realistic expectations on current relationships, and are thus more likely to perceive the benefits from their present relationships, Hoefer et al. (2009). According to Bagchi and Virum (1996) and Hofenk et al. 2011, a logistics alliance is a long-term partnership arrangement between a customer and a logistics provider for providing a wide array of logistics services including transportation, warehousing, inventory control, distribution, and other value-added activities. Outsourcing all or part of the logistics activities in a supply chain to logistics service providers has now days become the custom across most industries (Van Laarhoven et al. 2000). Logistics outsourcing represents a specifically defined often-contractual relationship based on third parties meeting specified performance criteria set by client organizations (Bolumole, 2003). The most commonly outsourced functions are those that are non-core, routine-based, or asset based, Boyson et al. 1999 and

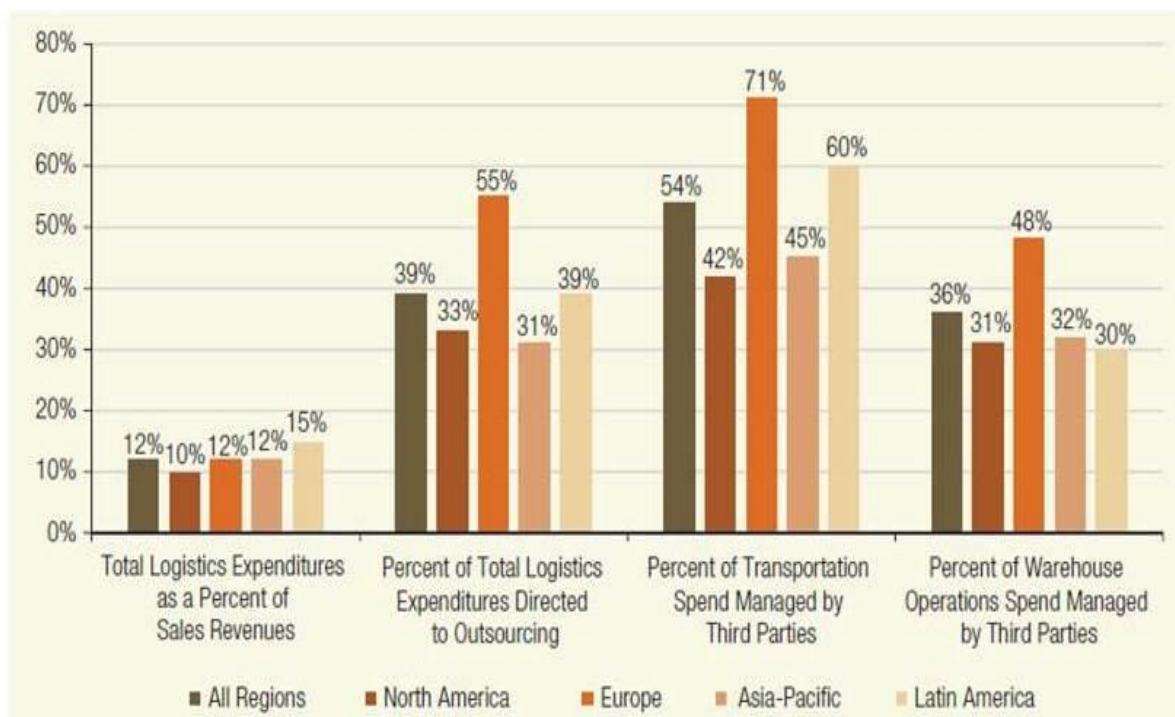
Hofer et al. 2009. Although logistics service agreements are namely aided by the virtue of the contractual obligations, the more the longevity of the business relationship the better the chances of the logistics service provider over servicing its clients beyond their logistics contractual obligations.

3.2.3 Current Trend in Global Supply Chain Logistics Outsourcing

A global logistics survey completed by Langley C.J.(2009) indicates that over eighty percent of companies have outsourced some of their logistics activities at some time. Moreover, almost ninety percent of those companies consider the outsourcing relationships to be successful and expect outsourcing expenditures to grow despite challenging economic conditions. As per Ashenbaum et al. (2005) after estimating, the market penetration measured in percent companies outsourcing in between 1996-2004 the logistics outsourcing market been growing annually by 5-8 percent annually. Increased globalization and the subsequent competitive pressures have emphasized the importance on third party logistics in managing inbound and outbound logistics process as well as customer and supplier relationships in the supply chain management, Rajesh et al. (2011). Marketing researchers have long emphasized the importance of developing and maintaining relationships with customers (Morgan and Hunt, 1994). Relationship marketing has recently attracted considerable attention in the marketing literature; (Dibb and Meadows 2001 and Kneyemer et al. 2003). Relationship marketing elements are the new mantra for logistics businesses worldwide as businesses due the economic situation are likely to struggle to find a suitable client to replace their old and loyal customers in case the logistic agreement breaks down.

According to Capgemini report 2014 (Langley C.J. 2014), the annual survey of 2014 of major USA businesses exhibited the continuing, positive overall nature of customer-3PL relationships. The Capgemini report 2014 also indicates that, both the customer and the 3PL provider view their relationships of activities as being successful, and customers see positive results again in 2014 with an average logistics cost reduction of 11%, average inventory cost reduction of 6%, and an average fixed logistics cost reduction of 23%. Logistics customers

also agree that 3PL providers has offered them with new and innovative ways to improve logistics effectiveness, and the 3PL providers, in general, are sufficiently agile and flexible to accommodate future business needs and challenges. Regardless of an ongoing disturbance in customer-3PL relationships, customers, in general, are increasing their use of outsourced logistics services. Furthermore, as per the outcome of this survey the clients and the 3PL providers are now about equally satisfied with their ongoing business relationships (70% and 69%, respectively) with the openness, transparency and good communication in their relationships. The below figure 8, illustrates the spending patterns worldwide as far as the logistics outsourcing expenses are concerned.



Source: 2013 Third-Party Logistics Study

Figure 8: Global Outsourcing Industry spending patterns

(Courtesy: Capgemini 2013 3PL 17th Annual Study).

As per Figure 8, total logistics expenses are an average of 12% of the sales revenue across the globe. Figure 8 also depicts striking differences across geographies in the percentages of transportation and warehousing spending by 3PL clients. As per (Langley C.J. 2013) 3PL Master's in Logistics and SCM Thesis by Sunny Kareem Page 67 of 294

Customers reported that on average, outsourcing accounts for 54% of transportation spend. However, these spending patterns vary quite a lot when compared to different regions of the world: For example, while the figure is 42% in North America, 45% in Asia-Pacific, 60% in Latin America and a staggering 71% in Europe. The percentage of 3PL customers outsourcing warehouse operations is downward somewhat from corner to corner of all regions in the world except Europe. Global markets and world trade by nature needs continue to evolve, and this translates directly into demand for logistics and supply chain services.

Table C below provides global 3PL revenues by region for 2013 to 2014 from Armstrong & Associates, a summary of percentage changes in these revenues reported for 2013 to 2014 (along with the two previous years) and Compounded Annual Growth Rates (CAGR) by region for 2006 to 2014. While the CAGR figures for Asia-Pacific and South America are around or near 10%, results for North America are 4.3%, and those for Europe are slightly in the positive. The percentage changes in global 3PL revenues by region from 2013 to 2014, and particularly in comparison with the percentage changes reported in the two previous years, positive growth rates were evident in North America, Europe, and Asia-Pacific, whereas a decline of 6.7% was reported for South America. Except the most recent results in South America, the growth rates in the other regions are consistent with modest improvement in other global economies, Langley C.J. (2015).

Global 3PL Revenues : 2013 to 2014						
Region	2013 Global 3PL Revenues (US Billions)	2014 Global 3PL Revenues (US Billions)	Percent Change 2013 to 2014	Percent Change 2012 to 2013a	Percent Change 2011 to 2012b	CAGR 2006-2014
North America	\$177.3	\$187.6	plus 5.8%	plus 2.9%	plus 6.7%	plus 4.3%
Europe	\$158.1	\$174.4	plus 10.3%	plus .01%	plus 10.3%	plus 0.7%
Asia-Pacific	\$255.6	\$269.6	plus 5.5%	plus 5.3%	plus 5.5%	plus 10.2%
South America	\$44.9	\$41.9	minus 6.7%	plus 3.0%	minus 6.7%	plus 8.1%
Other Regions	\$69.0	\$77.2	plus 11.7%	minus .01%	plus 6.4%	
Total	\$704.9	\$750.7	plus 6.5%	plus 2.7%	plus 9.9%	

Table C: Global 3PL revenue comparison

(Courtesy: Capgemini 2016 3PL 20th Annual Study).

The latest assessment suggests that the global third party logistics service is a \$390 billion industry with a double-digit annual growth expected, especially since businesses continue to involve in a global expansion, Quinn (2007), Rajesh et al. (2011). The Global IT outsourcing market is expected to rise from US\$268 billion in 2009 to US\$325billion in 2013 at a compound annual growth rate of around 5%, Qi C. et al. (2012). Outsourcing all or part of logistics function in a logistical supply chain to logistics service providers (LSP's) has now become the norm across the industry Qureshi et al. (2007). As per the observations of Price and Arnould (1999), Johnson and Selnes (2004) and Adobor (2006) the trend towards

outsourcing both locally and offshore has been increasing dramatically throughout the developed economies of the world. Based on findings from marketing literature, constituents of a personal relationship are also considered more trustworthy, loyal, and committed business partners who can positively influence the business relationship. The drive for greater efficiencies and cost reductions has forced many organizations to specialize increasingly in a limited number of key areas. The trend towards the outsourcing of manufacturing related activities has been particularly profound, (McIvor R. 2010). Forming a strategic alliance with the 3PL provider is one of the most effective business strategies for organizations in China to achieve cost-effective performance and long-term success (Chen H. et al. 2010).

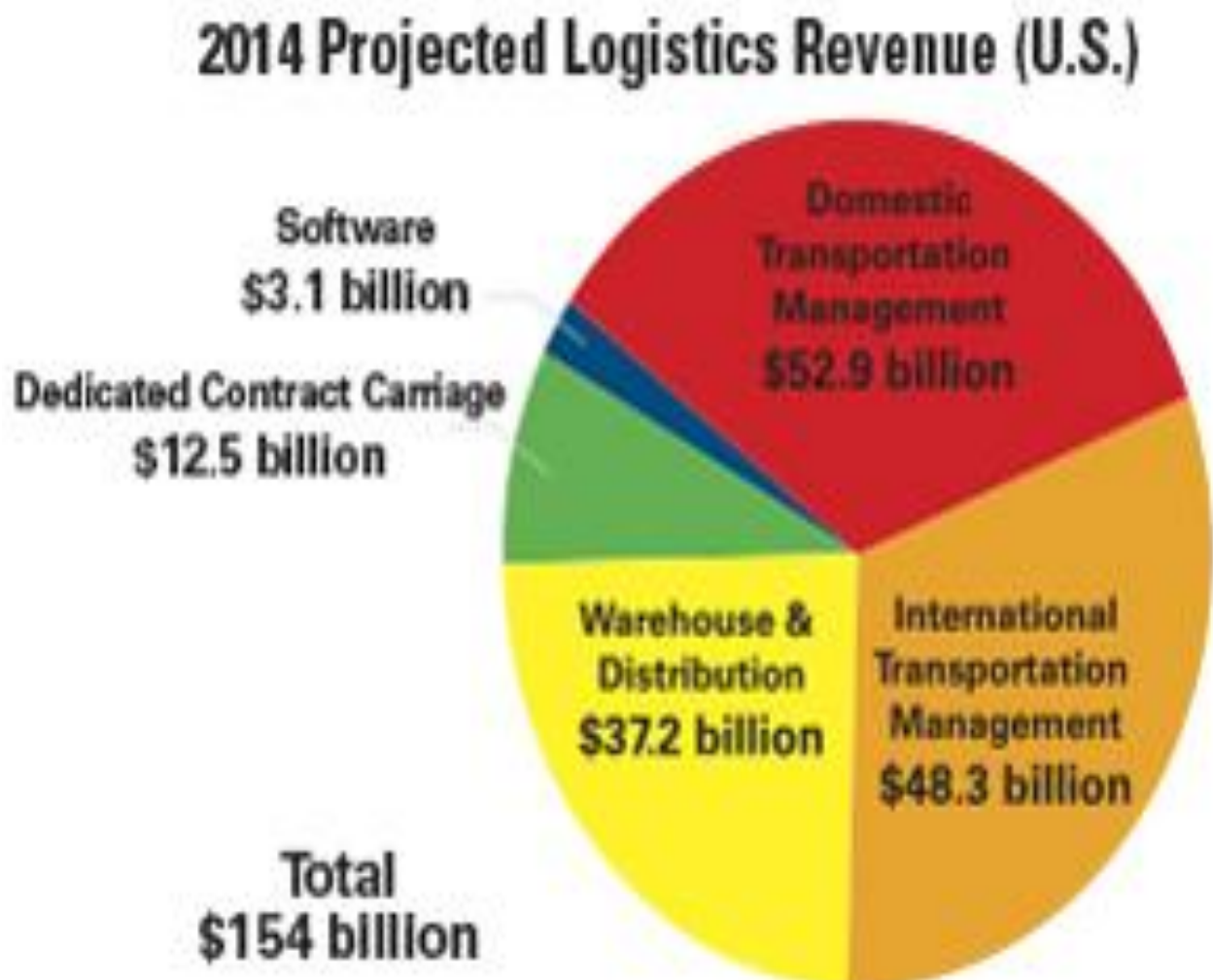


Figure 9: Projected logistics revenue of 3PL sector in the USA in 2014

(Courtesy:<http://www.ttnews.com/articles/basetemplate.aspx?storyid=36643>).

Figure 9 above, gives an insight to the potential revenue created by the US Logistics industry in 2014. According to a recent study conducted by Armstrong and associates the logistics industry in the USA, suggests that the logistics spending will continue to speed up for the US Logistics industry due to the overall performance of the economy. In addition, more 3PL customers are opting to outsource their logistics services especially their transport operations. The study also confirms that the annual gross revenue of the US Logistics industry has increased by 3.2% in 2013 (US\$146.4 Billion) compared to 2012 (US\$141.8 Billion). The projected revenue for the US 3PL logistics industry is to a further growth by 5.2% in 2014 (US\$154 Billion) even though the overall world economy is very sluggish and volatile. The upward projection of worldwide growth and double-digit profitable projection is a sign that businesses are wary of the fact that the better and smart customer relationship management and prioritizing customer need and fulfilling the customer service requirements are the way to have a secure, successful, and profitable long-term business relationship.

3.2.4 Emerging Issues in Logistics Outsourcing Relationships

Organizations are outsourcing processes that are critical to competitive advantage and over time giving up essential knowledge sets and capabilities, (McIvor R. 2008). Berry (1983) stressed that relationship marketing as a tool from which customer loyalty can be secured and, as a result, the realization of higher competitiveness and enhanced customer satisfaction can be achieved. According to the contemporary supply chain, management research failure to use close personal relationships to deliver commercial benefits leaves suppliers vulnerable (Gedeon et al. 2009). In the strategic management jurisdiction, Hutt et al. (2000) observed that a failure to nurture personal relationships often has adverse consequences on the business-to-business relationship. It is also worth understanding that substantial costs involved in relationship marketing and the increasing management focus on maximizing customers' value in more cooperative and long-lasting relationships, Alrubaiee et al. (2010). Developing a personal relationship with the logistics partners is probably the foundation of a long-term and satisfying business venture for logistics service providers.



Figure 10: Challenges faced by 3PL Customers, (Langley C.J. 2016, 20th Annual 3PL Study)

Figure 10, illustrates the current issues of 3PL customers while interacting with the 3PL service providers. This information from Figure 10 is a clear indication that 3PL Customers worldwide are demanding more out of their logistics relationship and due to the economic conditions 'cost Reductions', 'Business Process' and 'Customer Service' are the top most priorities for 62% 3PL customers from the survey of around 5000 businesses in the USA (Langley C.J. (2016). Although businesses especially logistics clients look for financial savings in their arrangement with their service providers but this is not the only reason they enter into an outsourcing agreement in the first place.

According to Moore K. R. (1998), increasing stress on cost, reduction, leaner organizations, and global marketing and sourcing strategies; logistics and supply chain managers are likely to outsource logistics activities by establishing logistics alliances or partnerships with third parties. These relationships will be certain to permit firms to transfer risk, improve service quality and productivity, and reduce costs. Qureshi et al. (2007) and Chu & Wang (2012) observes that intensified global competition and higher customer expectations have prompted an increasing number of businesses to outsource their logistics activities to third party logistics service providers. Moreover, these actions were taken to concentrate on their core competencies, save on logistics costs and achieve competitive advantage over their competition. As per Gunasekaran and Kobu (2007), globalization of markets around the world and their processes has given a fresh incentive to the logistics managers of twenty-first-century firms for developing new perspectives of various managerial functions to achieve their goal. Logistics clients are entering into outsourcing agreements with their service provider owing to the more and more market driven nature of the businesses these days.

As per the Capgemini report 2015 (Langley C.J. 2015), the survey of major US businesses showed that the persistent, positive overall nature of customer-3PL relationships. Both logistics customer and providers view their businesses activities as being successful, and logistics customers are witnessing positive results. Again, in 2015 with an average logistics cost reduction of nine percent, an average inventory cost reduction of five percentage and an average fixed logistics cost reduction of fifteen percentage. In addition to enjoying cost reductions, logistics customers also reported that they have seen regular improvements in their order fill rate and order accuracy. Improved Customer satisfaction is one of the main catalysts for businesses to enter into logistics arrangements apart from the cost saving and concentrating on core business factor.

The 2015 3PL study, Langley, C. J. (2015) revealed that seventy-three percent of those who use logistics services and seventy-seven percent of 3PL providers are satisfied with their business relationships in general, and they have received open, transparent and efficient communication from their logistics partners. The 2015 3PL report further revealed that a clear majority (92%) of logistics customers report that their relationships with 3PLs have been successful. Moreover, on the other side, ninety-eight percent of the 3PL providers indicated their business relationships with their logistics clients have been successful. The 2015 3PL study (Langley C.J. 2015) also observed that transactional, operational, and repetitive logistics activities are the most commonly outsourced activities compared to the more strategic, IT-intensive and customer fronting activities, which were outsourced to a smaller level. Nevertheless, there is some sign that strategic, IT-intensive and customer fronting activities, particularly the provision of capable IT services, can be a crucial component in the value scheme in customer-3PL relationships. Payne et al. (1998) and Panayides & So (2005) argues that the dominant form of competition in coming years will be

between networks of supply chain relationships rather than between individual organizations. Successful and long-term logistics outsourcing relationship relies more on customer satisfaction and efficient communication for both parties to enjoy the benefit of the winning venture.

As per Johnson (1999) and Lee et al. (1997), these researches observed that inter-organizational relationships might arguably lead to enhanced supply chain performance and greater potential benefits for all parties in the supply chain networks. According to Seshadri et al. 2004, the new frontier in logistics outsourcing is closely related to the domain of relationship marketing theory. As per Maltz et al. (1997), contracting out for logistics services; which is different from contracting for parts; necessitates different tools to support decision-making. As per Capgemini Annual 3PL report 2007 (Langley C.J. 2007), the third party logistics industry is continuing the path of growing. This report also reveals that the main concern currently facing third party logistics providers are local development, extending services to meet the need of current and future customers, integrating information technologies, and increasing relationship with its clients and other business firms that will enable the growth and expansion that lie in the short term, Langley, C. J. (2007). Effective relationship management is going to be a catalyst for success or failures for logistics outsourcing businesses in modern days.

As per the view of Lai et al. 2013, logistics outsourcing itself may also increase dependency issues; in fact, the increasing demand for high quality and value added logistics services makes third party logistics users depend on more on third party logistics providers. According to Daugherty et al. 1997 and Davis & Mentzer 2006, there is a supposition that increasing relationships with customers lead to long-term customer retention. Hofenk et al. 2011,

observed that as the logistics industry becomes more sophisticated and the gap between what 3PL companies can offer and what the customers can do in-house continues to grow increasingly, therefore the justification for outsourcing to third parties continue to amplify. Gaining competence using 3PL services is regarded as a key resource for the user firm in the contemporary fast-changing world (Sahay and Mohan, 2006). As per Lambert et al. (1999), logistics managers will continue to look at relationships with third-party providers as a way of achieving a sustainable competitive advantage with scarce resources in order to signify the complexity of the business environment. The more informal and transparent relationship between the logistics partners the better is going to be the quality of the business relationships and therefore the chances of the venture being more successful and profitable are likely than the others.



Figure 11: Outsourcing industry trends

(Courtesy: <http://www.slideshare.net/cutechellam/3party-and-4-party-logistics>, Slide 5).

Figure 11, confirms the findings of the academics that the inherent reason for logistics clients choosing to outsource their logistics activities. Logistics clients typically outsource a variety of logistics activities to achieve firm-specific objectives. 'Reducing Cost' (Aimi 2007; Jiang, Master's in Logistics and SCM Thesis by Sunny Kareem Page 76 of 294

Frazier, Prater 2006; Zhang and Lim 2006); ‘Improving Product Quality’ (Bardhamet al. 2006); ‘Improving Flexibility’ (Zhang and Lim 2006); ‘Increasing Market Coverage’ (Skjoett-Larsen 2002); ‘Gain ready access to additional capacity’ (Linder 2004; Mason et al.2002). Logistics clients worldwide choose to outsource their business for more or less a similar reason when the reasons for outsourcing in different geographical regions are taken into account.

3.2.5 Business Relationships in Logistics Outsourcing Environment

According to John Browne, CEO of BP (British Petroleum), “you never build a relationship between your organization and a company.....you build it between individuals”, Adobor (2006 p.474). Recent studies of financial services markets suggest that the use of relationship marketing can generate higher returns from customers (Greenbaum et al. 1989). As per Kalwani M U and Narayandas N (1995) and Wallenburg et al. (2010), maintaining existing customers and lengthening business with them is significantly less expensive than acquiring new clients and leads to greater profitability. The need for firms to develop closer relationships with suppliers is well recognized in the logistics and supply chain literature (Murphy and Poist 2000; Van Laarhoven et al. 2000; Golicic and Mentzer 2006). The closer the relationship between the logistics partners the better the chances of the business venture turning into a long-term relationship.

Loyal customer relationships have been proven to increase profitability for a business over time (Reichheld, 2001; Mishra and Li, 2008). Relationship marketing represents a strategic response by businesses to gain competitive advantage (Takala and Uusitalo, 1996). Business-level relationship development is claimed to be anchored by the series of personal relationships that evident between individuals in their respective firms in the supply chain (Javalgi et al. 1995; Gedeon et al. 2009). According to Selnes and Sallis (2003), it is evident that using relationship learning, logistics partners in customer-supplier relationships recognizes ways to reduce or remove unnecessary costs, to improve quality and reliability and to increase speed and flexibility. Over the past years, the interest in retaining customers grown considerably. Marketing attention recently has shifted gradually but definitely from mutually independent transactions to loyalty based repeat purchases and cross-sell

opportunities (Alrubaiee et al. 2010, Berry, 1995; Blattberg and Deighton, 1996; Wulf et al. 2001; Fournier, 1998; Gruen et al. 2000; Lemon et al. 2002; Peterson, 1995; Winer, 2001). As per findings from Mavondo and Rodriogo (2001), in light of multiplicity of industries, personal relationships were found to be critical in building and enhancing inter-organizational relationships. Building long-term relationship with one's customer not only makes the business arrangement successful but it saves money in the long-term and it gives the business the much-needed longevity by the virtue of happy and satisfied customers.

According to Capgemini report 2015 (Langley C.J. 2015), despite the fact that there are more positive business environments in certain geographical regions, industry verticals and niche types of services, the global logistics industry is one that does have its challenges. Parallel to the previous year, several ongoing factors are influencing progress toward the advanced end of the maturity model for logistics customer and 3PL relationships. In general, the less-than-exciting and more gloomy levels of global economic activity are driving highly variable and sometimes sluggish or neutral demand for outsourced logistics services, Langley, C. J. (2015). Logistics customers reported an average of thirty-six percent of their total logistics expenditures were related to outsourcing paralleled to an average of forty-four percent that was reported a year ago. As per previous researchers, successful relationship marketing efforts improve customer loyalty and business performance through stronger relational bonds (e.g. Wulf, et al. 2001; Sirdeshmukh, Singh, and Sabol, 2002). Sin et al. (2005) suggested that the benefits of relationship marketing are many (Arnett and Badrinarayanan, 2005), including improvements in competitive advantages in the marketplace (Smith and Barclay 1997; Day 2000; Hunt 1997), superior financial performance (Boles et al. 2000; Kalwani and Narayandas, 1995; Walter and Gemuenden, 2000), and increased levels of customer satisfaction (Abdul-Muhmin, 2005), (Alrubaiee and Nazer 2010). At the time when normal

business activities are difficult to maintain due to economic , political or other reasons holding on to one's old loyal customers would prove a prudent strategy.

As per the findings of the 20th Annual Third Party Logistics Study by Langley C.J. (2016), the survey result of the US businesses in 2015 discloses that ninety-three percent of logistics customers indicated that their relationships with their third party Logistics (3PLs) have been successful. This finding is reflected by a slightly higher ninety-four percent figure from third party Logistics (3PLs) that indicate their relationships with logistics customers have been successful. After analyzing further these numbers, several survey results are perceptive:

- Seventy-five percent of third party logistics (3PLs) users and eighty-eight percent of third party logistics (3PLs) providers agree that third party logistics (3PLs) provide new and innovative ways to improve logistics effectiveness.
- Seventy percent of third party logistics (3PLs) users and eighty-five percent of third party logistics (3PLs) providers agree that the use of 3PLs has contributed towards reducing overall logistics costs.
- Eighty-five percent of 3PL users and ninety-four percent of third party logistics (3PLs) providers agree that the use of third party logistics (3PLs) has contributed towards improving services to the (ultimate) customers.
- Successful and long-term business relationship with logistics customers would prove to be a golden strategy for logistics providers when the difficult market situation proves to attain new business or customers.

Kneymer et al. (2003), made a valid point for third party outsourcing relationships; as per their study third party logistics providers (3PL) by forging strong, long-term partnerships, across several functions, providers can improve the relationship with their logistics customers

and place themselves in a position to be of greater value provider for their clients. As per Wallenburg et al. (2011) and Delaney (2000), the aspiration for long lasting relationship applies to logistics outsourcing relationships are what will advance the logistics industry into the future. Alrubaiee et al. 2010 and Zeithaml et al. 1996 have mentioned that nurturing loyal customers can lead to increased sales and customer share, lower costs, and higher prices. As per Reichheld (1996), a 5% improvement in company's customer attrition rate can push company's profits 75% higher. The successful partnership between Logistics Service Providers (LSPs) and their clients is thought to produce significant benefits, such as inventory reduction, better quality, improved delivery, reduced costs, shorter lead-times, and higher flexibility (Hofenk et al. 2011, Min et al. 2005; Vereecke and Muylle, 2006). Loyal and committed customers are a way of increasing profitability as the long-term relationship would lead to lower maintenance cost and customer referrals would bring more business in the end.

The decision whether to outsource logistics activities depend on both internal and external considerations (Selviaridis and Spring, 2007). Internal considerations for outsourcing can be product-related (e.g. special handling needs), process-related (e.g. cycle times, resources and capabilities), or network-related (e.g. regions or countries served). Also, difficulties with managing logistics in-house and the special expertise of the 3PL provider supports the decision to outsource, Hofenk et al. 2011 and Sankaran et al. 2002. External considerations for outsourcing, are changes in the business environment, increased competition, pressure for cost reduction, the need for strategic flexibility, the focus on core competencies, the improvement of service quality and the resulting need to restructure supply chains (Hofenk et al. 2011, Qureshi et al. 2007; Selviaridis and Spring, 2007). Many 3PL relationships fail due to a lack of shared/clear goals, communication, top management support, strategic direction, and mutual benefits (Lambert et al. 1999). Logistics outsourcing decisions for the

clients could arise from the internal business strategy (concentrating on core skills, free up resource) or it might be dictated by the industry, for example, the competition.



Source: 2013 Third-Party Logistics Study

Figure 12: 3PL Customers top drivers for successful logistics operations

(Courtesy: Capgemini 2013 3PL 17th Annual Study, page16).

The figure 12 above shows stimulus for parties involved in logistics outsourcing doing business with each other in the first instance. Relationship and trust are at the top of the list, so as right people, commitment, communication, and collaborative culture. The statistics in figure 12 suggests that businesses involved in 3PL strive to get their relationship issues right to make way for the success of the operation among other import factors for the success of their business.

3.2.6 The Other side of Logistics Outsourcing

According to Yeung, et al. (2012), when a business forms a long-term partnership with its 3PL providers, both parties bound to improve efficiency and achieve competitive advantage in the global marketplace but this is not the reality in every 3PL operations. As it is not all rosy and smooth sailing for all logistics outsourcing relationships all the time, just like every other relationship, the logistics outsourcing relationship also goes through lots of bumps and bruises, sometimes become less durable, and eventually ends prematurely in an unsuccessful manner. Moore, K. R. (1998) and LaLonde and Cooper (1989) indicated that factors may be present that make outsourcing a good idea, but there is no guarantee that a relationship will be successful. Many logistics managers are not familiarized to trusting third parties, and many third parties do not want to make the commitment necessary to form real alliances. Even though the logistics outsourcing might be an attractive option for businesses worldwide that paints a rosy picture financially but there are some reservations to outsourcing mentioned by some critiques as well

Thus, the role of trust and commitment in logistics alliances becomes an important issue. Although interest in logistics outsourcing is increasing, third parties face many challenges in establishing successful logistics alliances, Moore, K. R. (1998). Fifty-five percent of the third party logistics (3PL) relationships are terminated after three to five years (Gulisano, 1997; Sahay and Mohan, 2006). As per Tsai et al. (2012), there are observations whether the benefits from logistics outsourcing outweigh the risk of relationship failure (Kremic et al. 2006). It is argued that outsourcing not always leads to service advantages and cost savings (Gerwig 1999, Watjatrakul 2005). Unsuccessful experiences that accrue undesirable consequences for logistics client businesses have been reported (Bahli and Rivard 2003) and

most research undertaken on outsourcing has revealed that the majority of managers are dissatisfied with logistics outsourcing outcomes (Lonsdale1999). There is also call for an evaluation of logistics outsourcing risk by decision makers from various business organizations (Kremic et al. 2006). Conflicting findings show that the management of third party logistics (3PL) relationships should receive greater attention for efficient supply chain management, Yeung et al. (2012). In traditional arm's-length exchanges between third parties and buyers, it is not uncommon to find an oppositional relationship. Logistics coalitions require third parties to overcome corporate concerns of control over logistics operations and build trust and credibility (J.A. Cooke, 1994 and Moore, K. R. 1998). Failures of logistics arrangements may result for various reasons like trust issue, communications issue, company culture, loyalty issue, conflicting views of the top executive and so on.

Shippers report a number of continuing problems with 3PL services

Top "Seven" continuing problems	Percentages reported by shippers
Lack of continuous, ongoing improvements and achievements in offerings	46%
Service level commitments not realized	46%
Information technology capabilities not sufficient	43%
Cost reductions not realized	36%
Lack of project management skills	35%
Unsatisfactory transition during implementation stage	31%
Lack of global capabilities	30%

Figure 13: 3PL Customers top seven reasons for 3PL relationship problems

(Courtesy: Capgemini 2009 3PL 14th Annual Study).

The figure 13, shows the top 3PL relationships issues pointed out by top US businesses. As per Langley C.J. (2009), the relationship of 3PL customers and providers comes under strain due to the performance problems from both sides. However, 3PL customers tend to report a higher incidence of problems related their 3PL on the relationship issues. This information from figure 13 suggests that although the studies (Capgemini 2016 3PL 20th Annual Study) show the success rates of logistics relationships worldwide, the reality, however, is that still there are major issues that are hindering the 3PL business relationship. Logistics partnership fails for various reasons and top of the table would lack service ability, mutual understanding, and lack of cost saving and overall lack of customer satisfaction.

3.3 Summary

Following the literature review conducted in Chapter 2, the current chapter focuses on the 3PL (Third party logistics) outsourcing businesses in New Zealand scenario especially concentrating on the relationship issues as far as the client retention is concerned. As per the findings of the literature review, the academics and researchers have indicated that the way of conducting businesses are different worldwide and are affected by regional boundaries, cultural practices, and market practices, industry-specifics, and so on. New Zealand logistics industry is somehow unique due to the geographical location of the country and the size of the country with a small population, the sizes and the structure of the business entities, and the density of the industry and a very uniquely sophisticated logistics network. The current and emerging global issues in the industry also iterate that successful and effective customer relationship management is the way to successful and long-term business relationship and a catalyst for client retention. Therefore, relationship management issues and its impact on client retention in 3PL logistics outsourcing business in New Zealand could not be adequately explained without an understanding of this contextual environment.

CHAPTER FOUR – RESEARCH DESIGN AND METHODOLOGY

4.1 Introduction

The purpose of this multi-case study research is to investigate and explore what role ‘relationship management’ plays in retaining customers in third party logistics service provider-client scenario. We turn the spotlight on the ongoing and emerging issues relating to logistics outsourcing relationship management and its drivers that play their vital role in shaping up the future of the business relationships in the local and global logistics outsourcing business industry. A case study approach has been undertaken to perform this study, As per Miles and Huberman (1994), the case study format allows the researcher to analyze relationships and social processes that are not possible via a quantitative approach itself. The whole idea of using the case study format is to pinpoint at the business strategies of this logistics service provider (3PL) and its clients and probe more into their relationship management issues. The study also aimed to find out how the relationship management paves the way for the longevity of the business arrangement between the logistics service provider and logistics clients in the 3PL logistics business over the years and how effective are the relational factors in retaining the business.

4.2 Research Method

This research is a case study and of qualitative nature where the author has used both primary and secondary data in this research. In this research, the target industry is the Auckland-based New Zealand freight and logistics service providers and their clients. Moreover, this study

tried to highlight especially on how their relationship management issues affect the longevity of their business from customer retention point of view.

The purpose of this research is to study:

- To better, understand the intricacies of successful relationship management in 3PL partnerships.
- To identify significant relational components that help with customer retention in the logistics outsourcing industry in general.
- To help and contribute to the academic knowledge base and future researchers in supply chain and logistics industry.

As previously discussed, case study methods will be used to explore and investigate the effect and impact of relationship management in client retention for the logistics outsourcing business providers and their customers and how the relationship management shapes the business relationship. Due to the competitive nature of New Zealand freight and logistics industry where poaching each other's clients by logistics service providers is a normal phenomenon. Instead of a survey of quantitative nature; the author has decided to use case study method using face to face interview and semi-structured questionnaire to gather information directly from the source and at a personal level. Therefore, a semi-structured questionnaire with multiple open-ended questions was prepared, and top officials from all eight companies were interviewed, and empirical data collected during the interviews. The author was given permission to observe the operations of these businesses and recorded the views and thoughts of these executives to get the first-hand insights of their business affairs and their feedback and expert opinion on the research subject. The first stage of the data collection phase involved gathering data on the background and overall business operations

of these companies. This phase involved gathering data on day to day business affairs in the usual logistics outsourcing scenario, effect of long-term business relationship on issues of service delivery, customers satisfaction issues and also relational issues including trust, loyalty, commitment, flexibility, communication and other relational factors on the business relationship and other relational problems that have impact influences from the business environment. Particular attentions were given to the link between the strategy of the organizations and the relationship issues with their clients or providers. Leedy and Ormrod (2001) has pointed out that qualitative research often starts with a loosely defined research problem, and as the study progresses the researcher gains a better understanding of the research phenomenon and can ask specific questions related to the research. Moreover, the author has had the same experience with this qualitative research on hand, as the team had to refine the research subject to fit in with the guidelines that have been utilized from the extensive literature review.

4.2.1 Quantitative Research Contrasted with Qualitative Research Method

There are two predominant methods for research; one is qualitative, and another one is quantitative, and a range of authors (Cooper and Schindler 2003 and Cresswell 1998) has already discussed the resemblances and dissimilarities between these two research methods. While quantitative research methods deal with numbers, figures, variable testing and mainly analyzed with statistical techniques. In contrast, qualitative research methods mainly related with a process of understanding of human issues based on a complex, holistic picture, molded in verses and concluded in natural setting dealing, Cresswell (1998), Rachmayani, N. (2008). Qualitative data is of non-numerical nature, and it is usually obtained through many of a variety of different research methods that range from unstructured to semi-structured in their

approach, Biber, and Leavy (2004). These said methods mentioned by Biber and Leavy (2004) might include interviews using all of unstructured to a few semi-structured open-ended questions, focus groups, intensive interviews, participant's observations and field notes, Junquera R (2010). Traditionally case studies have been associated with qualitative methods of analysis. As per (Gerring J 2007), The notion of a case study is employed as a large header covering a host of non-quantitative approaches-ethnographic, clinical, anecdotal, and participant-observation, process tracing, historical, textual, field research, and so forth, This research is conducted using a case study method, which is qualitative in nature. As this research focuses mainly on the relationship management issues and the effect and impact of the relational factors like trust, loyalty, capability, flexibility, communication, and so on between the 3PL service provider and their logistics clients, a qualitative research approach deemed appropriate. A multi-case study approach was undertaken to provide significant, descriptive, and detailed evidence in a holistic investigation of the situation into the New Zealand freight and logistics industry. As per Denscombe M. 2007 (p287), below Table D, details about the sources and types of qualitative data can be used in case studies:

Sources of qualitative data	
Words and visual images	Research method
Interview talk • Narratives (for life histories)	Interviews
Diaries, minutes of meetings • Scripts (e.g. for political speeches or media programs)	Documents
• Interactions between people (including naturally occurring actions, responses, language)	Observations
• Events (e.g. ceremonies, rituals, performances)	
• Pictures (e.g. photographs, artwork, video recording)	
Answers to open-ended questions	Questionnaires

Table D: Sources of qualitative data, (Denscombe M 2007 (p287))

4.3 Research Design Overview

Research design normally outlines the format, process and the strategies for any investigations in a systematic manner to reach and fulfill the goal of the study. The research design also includes a systematic format of the research from the starting of the operational implications of the study conducted (Kerlinger 1986). In multiple-case designs, it is suggested that the selection of cases needs to be driven by the two issues of appropriateness and adequacy to increase the quality of research design, (Kuzel, 1999). Adequacy is concerned with how much is enough or how many cases while appropriateness is related to demonstrating a fit to both the purpose of investigation and the phenomenon of inquiry, (Kuzel, 1999; Miles and Huberman, 1994; Patton, 1990). Earlier Research methods (Yin 2009) suggest that there are three different types of case study research:

- Descriptive: This presents a complete description of a phenomenon within a context.
- Explanatory: Which comprise data bearing on the cause and effect relationship, explaining how events happened?
- Exploratory: This is aimed at defining the questions and hypothesis of a subsequent study or at determining the feasibility of the desired research procedure (Leedy and Ormrod (2001), Yin (2009), Junquera R, (2010).

This multi-case study is characterized as explanatory, as it explains the impact, effect and role ‘relationship management’ plays in retaining customers in logistics outsourcing business in third party logistics (3PL) service provider-client scenario in New Zealand freight and logistics industry.

4.3.1 Case Study Research

A case study is a research approach, which focuses on understanding the dynamics present within single settings; (Eisenhardt 1989). According to Stuart, et al. (2002), case studies are an appropriate research methodology to map the field of supply chain management, as they allow identification and descriptions of critical variables. A case study is deemed a suitable research strategy when the proposed research addresses a contemporary phenomenon, which the researcher has no control over. In addition, the research is largely exploratory; and it addresses the "how" and "why" questions (Benbasat et al. 1987; Darke et al. 1998; Yin, 1994). The use of the case study format allows an increase in the quality and quantity of data obtained (Gummesson 1991). The case study format allows the researcher to analyze relationships and social processes that are not possible via a quantitative approach itself (Miles and Huberman 1994). Case studies can be used to accomplish various aims: to provide a description (Kidder, 1982), test theory (Pinfield, 1986; Anderson, 1983), or generate theory (Gersick, 1988; Harris and Sutton, 1986). Cases can have one or a combination of an exploratory, descriptive, or explanatory purpose (Yin, 1994, pp. 4). An in-depth case study can make up for the lack of generality by revealing a greater depth of understanding of the set of events under analysis (Yin 1994, Stake 1995). For our analysis of these eight companies, case studies will allow us to gain descriptive and exploratory knowledge of these companies and add depth to our findings.

Case studies typically combine data collection methods such as archives, interviews, questionnaires, and observations. The evidence may be qualitative (words), quantitative (numbers), or both, (Eisenhardt 1989). As per Coco (2003), the main strength of a case study method is its ability to deal with a full variety of evidence, from documents and archival

records to interviews and observations or any combinations of these. According to Yin (2009), applying a flexible, sometimes even opportunistic research strategy is one of the major strengths of case study research. For this case study, we have conducted semi-structured interviews in order to extort direct responses from these companies that helped to address the fundamental problems identified in the earlier sections.

In line with the guidelines of Yin (1994, 2009) and Gerring J (2007), Donoso I (2003) and Junquera R (2010) for undertaking case studies, we developed a case protocol for this multi-case study as below:

➤ **Procedures:**

- Review of the company history of the case subjects
- Deciding on the number of people to be interviewed
- Developing a case study database

➤ **Interviews:**

- Semi-structured interviews (45-60 minutes), using a carefully planned mix of close-ended questions, ranking questions, rating questions, and open-ended questions.

➤ **Analysis plan and report:**

A: Individual Case studies:

- Descriptive Information
- Analysis
- Outlining of individual draft reports
- Revision by key informants
- Final case studies reports

B: Cross-Case Analysis:

- Descriptive Information

- Analysis
- Cross-case studies report

4.3.2 Ensuring Quality of Case Study Research

Yin (2009) states that applying a flexible, sometimes even opportunistic research strategy is one of the major strengths of case study approach, but Stuart et al. (2002) argues that this flexibility and opportunistic research strategy are labeled as a weakness of case studies. Case studies also lack rigor as viewed by Donoso I (2003). As per Seuring (2008), Stuart et al. (2002) and Yin (2009), the quality of research design is ensured by ‘validity’ and ‘reliability’. Yin (2009) has outlined how to ensure ‘validity’ and ‘reliability’ for case study research and as per his guidelines, there are three types of validity: construct, internal and external. According to Coco (2003), ‘validity’ relates to all aspects of the research (internal and external validity) and aspects of individual components of the research. As per Veal (2005, p42), validity refers to the extent to which the collected information truly reflect the phenomenon studied. As for ‘reliability’, it relates to the replicability of the research by any other researcher at any other time producing relatively the same type of results. Reliability also refers to the consistency of the measures (Bryman (2008). As per Gray (2001), the focal purpose of having ‘reliability’ is to minimize the errors and biases in a study. All the three different types of validity (construct validity, internal validity, and external validity) have been applied during the various stages of this research. ‘Validity and ‘reliability’ was ensured as well by having a clearly structured research method. As per the guidelines of Yin (2009) the below case study, procedures were followed throughout to ensure the maximum quality of this case study research:

- Multiple evidence sources: Information gathered during the interview process was cross-checked with company reports and their official websites.

- Have key personnel review the draft case study report: the case participants reviewed draft reports.
- Use of replication logic in the multi-case study: Case participants were chosen based on their logistics activities from Auckland-based New Zealand freight industry.
- Use of proper case study protocol: appropriate case study protocol has been followed as per section 4.3.1.
- Develop the case database: A database was created for all case participants and data were classified as per below:
 - Information gathered during interview and questionnaire process
 - Information collected from company's official website
 - Information gathered from reports and documents
 - Literature review
 - Industry surveys

4.3.3 Ethical Considerations

The Ethical principal guideline development began in the 1970s when the U.S. Congress created a commission to articulate the philosophical and ethical foundations that should underlie and guide any rules to protect human subjects of research, Ketefian S (2015). As per Berg (1998), social researchers must ensure the rights, privacy, and welfare of the people and communities that form the focus of their studies. Therefore, ethical boundaries are crucial for any research, and this multi-case study is no exception to that. Through printed informed consent form I have made sure that participants are well informed about the subject matter of the research, and the consent form also explained to them the privacy and confidentiality of the information they provided. Also, the anonymity of the participants was assured during the

interview and the data collection process and was covered in the consent form. Participants were also informed that the security of the information they provided and under no circumstances their name, business information's and any other information will be divulged to any third party.

Informed consent form with the details of the research (research objectives, purpose) and the rights of the participants along with the name details and E-mail address and mobile contact number were given to every participant during the interview process. This informed consent form also clearly indicated that if any time during the interview, if the participant felt uncomfortable the interview will be stopped and if the participant decided to pull out of the interview, all data and information will be destroyed. Interview participants were required sign the informed consent form before the interview and the researcher signed the form at the same time.

4.3.4 Selection of Case Studies

As per Angot and Milano (2001), the required numbers of cases for research depend on two vital criteria's: 'the desired degree of certainty' and 'the magnitude of the observed difference.' According to Yin (2009), the replication logic in qualitative research is comparable to that of multiple experiments, with each case corresponding to one experiment. The present study is a multi-case study where eight companies (logistics service provider and logistics clients) involved in logistics outsourcing business in New Zealand freight industry has been studied. The study also analyzed on how 'relationship management' plays a crucial role in customer retention in client-provider relationship in logistics outsourcing business. Understanding the impact of relational elements in the success and longevity of the logistics

outsourcing relationship in the New Zealand freight and logistics industry were also investigated.

This research aimed to investigate the ‘relationship management’ issues and their impact and influence on client retention: from two different perspectives. The first one from the third party logistics (3PL) service providers and the other one from the third party logistics (3PL) clients, in the current New Zealand freight forwarding and logistics business scenario. Due to business confidentiality, the businesses participated in this case study will be called as Company A, B, C, D, E, F, G, H.

For instance, the largest NZ-European logistics service provider and its logistics relationship management with its current and previous logistics clients is under study in this investigation and the company will be addressed as ‘Company A’. Company A was chosen for this case study for multiple reasons. The Company A itself is a renowned business entity in the Australasian freight and logistics industry with branches spread all over the world. The company offers ranges of service from export, import, all sorts of freight forwarding, customs broking and LCL (Less Container Load), FCL (Full Container Load) services and all kinds of transports services namely air, sea, and road. The Company A also offers logistics services with its high-tech warehousing facility and already having a range of clients in their logistics outsourcing their operations.

Company A has been in business in New Zealand for more than thirty years and still has managed to retain some of his old clients from its early age of starting a business. This long-standing logistics outsourcing relationship between Company A and its top clients are the main reason for choosing to do an in-depth case study research on Company A and its

customers. Few other large businesses with complex logistics activities who has never done any business with Company A has been added in this multi-case study to get a bigger picture of the logistics outsourcing business in New Zealand. Through the author's work-related networks preliminary contacts were made with Company A and its top clients and after the preliminary telephone interviews, the formal relationship was established with the senior officials of each company, and that facilitated the full access and participation by these businesses in this research. Gaining full access to personnel across the Company A facilitated the collection of data from multiple participants, which increased the quality of data collected and made certain data were collected from various sources on the same subject matter within the same company.

4.3.5 Case Participants

Eight participant companies as below have been analyzed as case studies for this research:

CASE PARTICIPANT COMPANIES IN A NUTSHELL								
Interviewee:	Company A1, A2	Company B	Company C	Company D	Company E	Company F	Company G	Company H
Designation	ADMIN-FINANCE MANAGER & OPERATIONS MANAGER	SALES MANAGER	MANAGING DIRECTOR	MANAGING DIRECTOR	CEO	MANAGING DIRECTOR	WAREHOUSE & DISTRIBUTION MANAGER	NATIONAL LOGISTICS MANAGER
No of Employee	20-40	0-19	0-19	0-19	0-19	0-19	1000	100
Branches	10	2	2	2	5	5	5	5
Business Aactivity	Freight Forwarding, Customs, Logistics, Warehousing, Storage	Wholesale Distribution	Wholesale Distribution, Retailing	Retail	Freight Forwarding, Customs, Logistics, Warehousing, Storage	Freight Forwarding Customs, Logistics, Warehousing, Storage	Manufacturing, Distribution	Logistics, Warehousing, Storage, Distribution, sales, Manufacturing, Wholesale Distribution
Avg Growth in Last Five Years	25%	30%	22%	10%	37%	32%	0%	10%
Expected Growth in Next Five Years	15%	20%	40%	15-20%	48%	30%	0%	10%
Own Warehouse Facility	YES	NO	YES	NO	NO	YES	YES	YES
Use 3PL Logistics /Freight Services (Appt from Transport)	NO	YES	YES	YES	YES	NO	YES	YES
Changed Provider Recently	N/A	NO	3	3	5	1	YES	1
Current Logistics Relationship In Years	N/A	16	5	3	10	3	30	10

Table E: Case participant company's business profile snapshot

A: 3PL logistics service provider group: Company A, Company E, Company F

B: 3PL logistics customers group: Company B, Company C, Company D, Company E, Company F, Company G (Lion) and Company H.

Out of this eight case companies, from the logistics service provider group: ‘Company A’, is a New Zealand wing of a leading and renowned European and multi-national freight forwarding company. Company E is a franchised operation of a leading Australian freight and logistics company, and Company F is also a New Zealand division of a leading Australian logistics business. Company E and Company F can be categorized in both logistics

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provider and client group as they were both logistics customers of Company A and now these two businesses are independent logistics service provider themselves. From time to time due to their logistics capability, Company E and F tend to use the services of other logistics service providers to accommodate the needs of their logistics clients. On the logistics outsourcing client's side, five of the companies are either current or previous logistics customers of Company A.

There are two case participants (Company G and H) businesses that have never done any business with Company A. They were only chosen as participants for this research due to the size of their businesses and their brand name. They are the market leader in their industry in Australasia and has massive and complex logistics operations using multiple logistics service providers for their logistics activities. All the businesses mentioned above chosen for this multi-case research are active players in the New Zealand freight forwarding and logistics industry. All eight companies are actively involved in the logistics outsourcing business either in the form of the logistics service provider or the logistics clients. The research topic of relationship management and client retention issues for logistics outsourcing service provider and their logistics client were chosen because of the nature of the study and the level of detail in the data required for this qualitative study.

4.4 Data Collection Method

4.4.1 Introduction, Types and Sources of Data

For this multi-case study research, in the third party logistics (3PL) logistics service user group the author has planned to involve quite a few different businesses from various industries to obtain a broader perspective. Moreover, in the third party logistics, (3PL) service providers group the researcher has planned to involve at least three Auckland-based logistics service providers. Face to face interview of the top decision makers CEO / Managing Director / Director / Operations Manager / Supply Chain Manager / Logistics Manager / Admin Manager / Finance Manager / Sales Manager/Account Manager/Sales Support Manager; would be the largest source of information followed by an industry-related customized questionnaire for the top decision makers in both groups.

There are two types of data are typically in the data collection or information gathering process: primary and secondary. The researcher has originally collected the primary data to answer the research question firsthand, and the secondary data is the information already existed, printed, and collected by others for a purpose rather different the research purpose (Ghauri and Gronhaug 2002). Primary data although related directly to the research purpose in hand, its collection and information gathering is a time consuming and expensive process. Whereas Secondary data is already in existence through previous studies, articles, journals, books, surveys, census and official and unofficial records and they are very readily available and not very expensive compared to the primary data (Yan and Wang 2005). Data collection for this research has been divided into few segments like Primary data collection, In-depth interview, Semi-structured questionnaire, and Secondary data collection.

Primary Data:

Primary data collection for this research has been done through the personal in-depth interview, an unstructured questionnaire with open-ended questions to explore the relation of interview outcome to the research question.

Secondary Data:

Secondary data was gathered through an extensive literature review on related research, academic journals, Textbooks, Magazines, The Internet and some voluntary information provided by the participant companies and their official websites.

4.4.2 Personal Interview using Semi-Structured Questionnaire

Person to person interaction between two or more individuals with a specific purpose is called an interview and is structured by asking and answering questions. Interviews are categorized according to their flexibility, as a structured and unstructured interview, (Kumar 1999). An unstructured interview is known as an in-depth interview, and it formulates questions spontaneously during an interview, the flexibility of unstructured in-depth interview allows the researcher to ask as many as questions as required and gather various information, Rachmayani, N (2008). For this research, the author has decided to use semi-structured questionnaire with a mix of closed-ended, rating questions, ranking questions, and open-ended questions.

As per Tolich and Davidson (1999), qualitative research is iterative, and reflective process and questions are most likely to change during the interview progresses. Therefore, each interview would be different from the previous one. The reason for using semi-structured questionnaire with multiple open-ended questions as this type of interview assumes a conversational manner and bearing in mind the different background and activities performed by the participants. The author's intention was to tap into the experience and the expertise of the participants while covering maximum numbers of facts possible during the interview. The result of this interview (raw data) being one of the main sources for this multi-case studies.

Interviews were conducted in two stages first the logistics service provider and then the logistics clients. Although the same questionnaire was used with options for answers on few parts were only either for the 3PL service provider or the 3PL logistics clients relating to their logistics outsourcing activity. The objective of these interviews was to understand the impact

and influence of ‘relationship management’ issues in the logistics businesses of the 3PL providers and their clients. The interviews were mainly focused on seven different parts and below topics got the importance in the interview process are as following:

- Reasons for selecting or deciding to do business with their current 3PL provider
- Effect of long-term relationship on productivity issue
- Effect of long-term relationship on profitability issue
- Effect of long-term relationship on logistics performance issues
- Effect of long-term relationship on service performance issues
- Effect of long-term relationship on added customer service and overall customer satisfaction
- Effect of long-term relationship on added business /trade secrets and intellectual property rights issue
- Impact of relational factors on long-term business relationship

Interviews were pre-arranged by calling the participant and then confirming via e-mail, and all the interviews lasted somewhere between 45-60 minutes, and the participant normally made the decision in the place of the interview. As per the information provided on the ‘Informed Consent’ form, the interviews were tape-recorded and the participants were made aware of it and asked if they were comfortable with recording the interview process. Nine participants were interviewed from both groups.

Industry experience Overview of case participant Interviewee:

Interviewee	Role and position	Company	Interviewee's Industry Experience
1	Finance and Admin Manager	3PL Provider- Company A1	Twenty years of experience in the freight forwarding industry.
2	Operations Manager	3PL Provider- Company A2	Freight forwarder and senior customs broker for twenty-seven years and have ten years of 3PL logistics management experience.
3	Sales Manager (NZ In Charge)	Company B	Distribution and sales experience more than twenty years.
4	Managing Director	Company C	More than forty years of sales, import and distribution experiences.
5	Managing Director	Company D	Retailing and brand management experience over thirty years
6	Managing Director	3PL Provider- Company F	Twenty years of logistics and distribution expertise: Has been a logistics client of Company A in the past.
7	CEO	3PL Provider- Company E	Over Thirty years of freight forwarding, customs broking and logistics Experience.
8	North Island Warehouse and Distribution Manager	Company G (Lion)	Over twenty years of logistics and distribution Internationally.
9	National Logistics Manager	Company H	Over Ten Years of logistics and administration experience.

Table F: Industry experience Overview of case participant Interviewee

4.4.3 Secondary Data Collection

Secondary Data for this multi-case research was:

- Information received from individual companies website and publications
- Company newsletter
- Internet
- Literature review
- Various reports from organizations like CBAAFF, CIPS, CIPL, CSCMP, Capgemini annual 3PL study report, New Zealand Government Reports and so on.
- Various industry related printed and online magazines: Supply Management and so on.

4.5 Data Analysis Procedures

Unlike other research data analysis has been a critical part of this multi-case study research and the researcher has taken exceptional care in analyzing data gathered from both primary and secondary sources. The objective and purpose will not be achieved if there has been a flaw in this data analyzing the process. As per Yin (2009), data analysis is one of the least developed aspects of the case study research since there are few standardized processes for analyzing the data for case studies. Rowley (2002) indicated that there are no defined procedures that have been agreed for case study results, but he has suggested that any good case study analysis should abide by the below principles:

- Make use of relevant information
- Consider all of the major rival interpretations and explore each of them
- Address the most significant aspect of the case study

- Should draw on the researcher's prior expert knowledge in the area of research but in an unbiased and objective manner.

As per Donoso I's (2003) approach; interviews were tape recorded in this multi-case study with the permission from the case participants via the 'informed consent form'. The recorded information was fully transcribed later, and the information was coded and analyzed to identify and highlight key factors and conceptual themes or categories, so as to summarize the information. All the raw data from the interview and the analyzed data (coded information) were kept in independent files. As the research progressed, as soon as a single case study analysis was completed, a cross-case analysis was performed to compare, highlight, and uncover the similarities and dissimilarities between the compared cases. Later on, results of the single cases for all nine case studies and their cross-case analysis been compared against the theory base of the literature review findings which have been completed before the data collection process for this multi-case study.

4.6 Summary

This chapter explained the research methodology, the research design and the data collection and data analysis procedures for this multi-case study research. The exploratory study aimed to investigate and look at the role, influence and impact of ‘relationship management’ in client retention in third party logistics (3PL) outsourcing business in New Zealand. Especially the New Zealand freight and logistics industry where the main players in this case study are the third party logistics (3PL) service providers and their logistics clients. For this multi-case study, data was gathered from both primary and secondary sources. The primary data source was mainly the face-to-face interview with participants from eight different companies using a semi-structured questionnaire. The secondary data sources were company website and newsletter, the internet, industry related magazines, a literature review of related research, industry organizations, and so on. Next chapter (chapter 5) we will introduce all the participant case companies in detail and shed light on how data and information gathered were analyzed and reported. Then individual case study report will be presented, and cross-case analysis will be performed in the chapter (chapter 6) after that.

CHAPTER FIVE: CASE STUDIES: ANALYSIS AND FINDINGS

5.1 Introduction

The results and findings of this multi-case research are divided into two chapters; chapter five consists of the results of the nine case study reports and chapters six consisting cross-case analysis of the finding of the results from our case studies, compare, and contrasts them with earlier researchers and academics. This chapter will shed light on more about the case participant company's background in details and elucidate their overall operations, logistics activities, and the effect of the relationship management issues on their overall logistics outsourcing experience. The participant's interviewees have expressed their views and expert knowledge on the semistructured questionnaire and their responses are the heart of this exploration. Interestingly, in the interview with executives of Company A, two executives being in two different divisions of the same company interpreted the long-term relationship management issues and their impact on their business in a very different way. Top Executives from every case participant company were asked to rate their reasons to choose to outsource and then requested to rate the complexity of their logistics operations. The participants were also asked to rank the important top ten relational factors in their response to the questionnaire, where they were given thirteen choices of relational factors for their 3PL business relationship with their logistics clients. It was fascinating and noteworthy, the way every participant expressed his or her views on the same set of questionnaire and the ranking and rating of reasons to outsource and the top ten relational factors for their business. The participants also freely expressed their opinions on some open-ended questions related to their business relationship with their client and their logistics service provider. The result of the interview on the same issues from the interviewees for the open-ended questions are very

distinctive and the opinion expressed has differed tremendously. In addition, there were clear contrasts on the case participants responses and feedback to the questions like their reasons to outsource, important relationship factors for their interactions with their logistics provider and their top ten ranking of the important relationship factors for their business. Besides The findings on these ranking and rating from the case participants were a good opportunity to understand the business standing and present and future plans of the participants. These finding also have clearly separated the leaders from the followers and the trendsetters from the imitators and gave more insight to the business long-term and short-term objectives of the executives of these businesses.

Chapter 6 provides a broader picture of this multi-case study where the findings of this research cross-analyze from relationship management and its relations variables and then discuss their effect on the real life situations of the case companies as far as logistics outsourcing business is concerned.

5.2 Case One: Company A

5.2.1 Company Overview

Company A's parent company was founded by ten haulers in an EU country in 1976 as a way to ensure decent prices for the end customers. Since then, this company has grown by buying up other transport and logistics companies around Europe and all over the world and by organic growth. In the beginning they started in a European country, then Scandinavia, later in Europe and finally in the rest of the world. The Company A (the parent company of Company A) the sixth largest supplier of transport and logistics seen on the world map. Today, Company A, is divided into three different divisions, Road, Solution and Air and Sea. Company A's parent company has their offices in more than 70 countries and are currently employing approx. 23000 people. In 2014 Company A's parent company had revenue of 6.517 million EUR. The business motto of Company A's parent company is to aim for the future, is to continue with their growth strategy through both acquisitions and organic growth.

5.2.2 Company History and Developments

Company A's New Zealand operation was an independently owned small freight forwarding business in early 1990's. Then it was bought out by Company A's parent company at the beginning of 2000. In that buy-out, a 50-50 arrangement was reached where Company A's parent company owned 50%, and the old owner who is also the Managing Director of the business owned the 50% of the company. Until date, Company A has grown substantially in its existence, size, and business operations and now offering state of the art logistics and freight services from their brand new premises in Auckland. According to their Operations

and Customs manager ‘SD,’ they have grown at an average of 40% every year for the last five years and the expected annual growth rate for next five years are around 25%.

5.2.3 Business Operations

Company A’s parent company operations are divided into three different divisions; Road, Air and Sea and Solutions and after the corporate merger the New Zealand operation has been named Company A. Company A has a reputation for being a top class freight forwarder, customs broker, logistics, and supply chain and transport service provider (although they use third party carriers to do the transport duties for their customers).

5.2.4 Logistics and Supply Chain Operations

Company A’s core business was mainly freight forwarding, and it started offering logistics and supply chain services to keep competitive and keep their loyal customers happy. The key strength of Company A’s supply chain and logistics operations was their extensive worldwide network; as most of their businesses mainly come through intra-company networks. In 2011 Company A outsourced its logistics operations to a 3PL but that was more like a collaborative outsourcing as the Company A provided the infrastructure like their warehouse building and the 3PL provider brought its personnel to run the day to day operation. However, company A terminated their 3PL agreement with their provider and brought their logistics operations in-house just after five months due to the service performance and lack of logistics capability issue. The management of Company A reshuffled and restructured their new state of the art warehousing facility to serve their current logistics customers better and acquire more business. Moreover, till date their logistics warehouse is running at almost full capacity with few more big logistics clients to their name. Company A does not have any

transport fleet of their own and has outsourced their transport activities to another renowned 3PL logistics provider.

5.2.5 Questionnaire and Interview Response Summary-Case One



Figure 14: Ranking of top ten relationship factors as ranked by Company A1

- Long-term business relationship as added benefits to the businesses: As per two top officials from Company A:

Company A1: “Long-term business relationship is critical to our business to achieve our business goals. To retain long-term relationship we provide excellent customer satisfaction”.

Company A2: “Yes off course: (1) Business in other areas other than 3PL. (2). Additional IT solutions have added more businesses, and both parties are in win –win situation”.

- Effect of Long-term relationship on Productivity issue:

Company A1: “Any business relationship has an impact on productivity. Our goal is to keep our business relationship as open and honest to keep our customers happy. This, in turn, has a positive effect on our productivity”.

Company A2: “Yes, when you are small you can over-service customers the flexibility to gain support however when you sales increase then you are sometimes forced to be less flexible which can impact on the relationship”.

➤ Effect of long-term relationship with clients on profitability Issue:

Company A1: “In this instance profitability is important than trust, loyalty, flexibility as the end of the day our operations needs profit to survive”.

Company A2: “If the Trust and communication are already there then talks regarding profitability are easier”.

➤ Effect of long-term relationship as an Added Customer Service Value:

Company A1: “Majority of our clients are committed to using our services on regular basis. Our business communication has a significant impact on keeping our customers happy. We have to provide service that can have the flexibility to meet clients demand”.

Company A2: “Yes trust is an essential element here, either through the long-standing relationships or through constant communication regarding service levels and/or KPI performance. We have to have flexibility, and so long as the client is aware of the cost of that, then that are fair”.

➤ Effect of Long-term Relationship on Added Business / Trade Secrets and Intellectual property rights issue:

Company A1: “Long-term relationship helps business growth, Trust, and eventually business profitability. However, in this instance, our relationship has little impact on clients Trade-secrets/IP issues as we do not deal with such customers”.

Company A2: “The longer we have a client, the more chance we are given additional leads or referrals for other parties that may be introduced through long-term relationship”.

➤ Impact of relational factors on long-term business relationship:

Company A1: “Roughly 90% and above clients are happy with the level of service we provide. Thus staying with us on a long-term basis. The reasons for not staying with us on long-term are reasons such as services no longer required, client not operational, or our facilities not sufficient for their needs”.

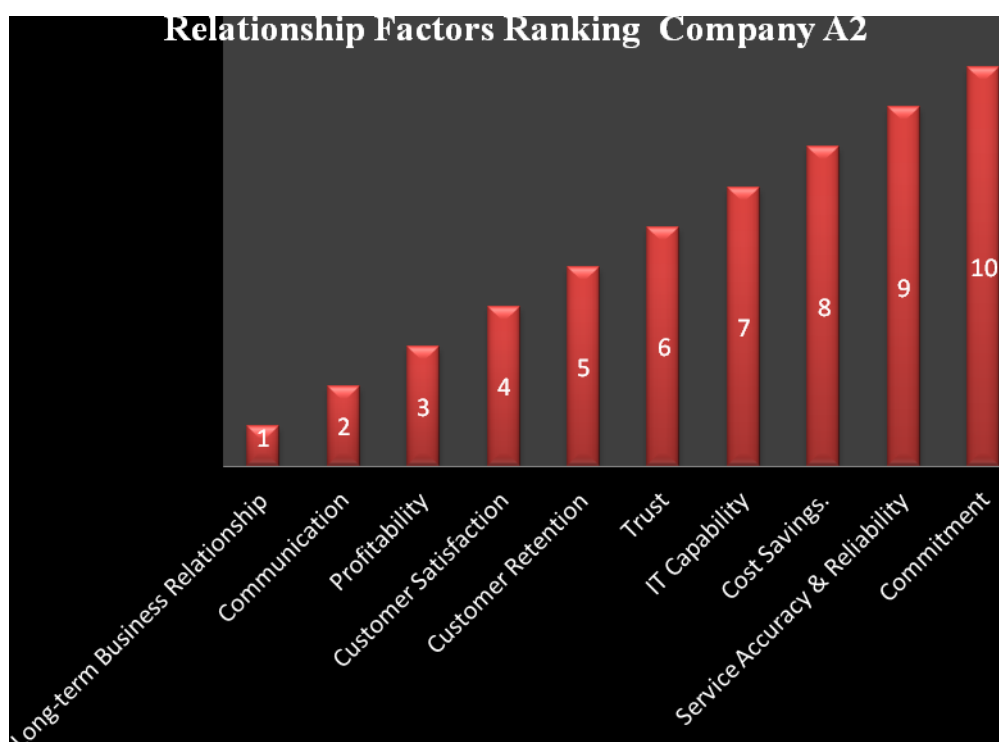


Figure 15: Ranking of top ten relationship factors as ranked by Company A2

Company A2: “Yes successful relationships. This also ensures we maintain the required service levels and also outlines any other services and alternatives our oppositions are providing as our clients will share this with it”.

Figure 14 and figure 15 above, explains how the two top executives from Company A views the important relational factors for their organization.

5.3 Case Two: Company B

5.3.1 Company Overview

Company B is one of Australia's most reputable suppliers of bulk bags (flexible intermediate bulk containers, or FIBCs) and other industrial packaging products. Company B began its business in 1985 as a specialist supplier of standard bulk bags. This company has started with a long-term business vision of serving a niche market, which is farming based businesses, and food-manufacturing businesses scattered around Australasia region.

5.3.2 Company History and Developments

Company B has grown in its capabilities to cater to different business sectors compared to its early days. Now they are supplying standard and customized intermediate bulk containers, industrial packaging, polypropylene bags and plastic bins and a range of other bulk handling solutions to various businesses that were not targeted at the initial stages of their business operations. Company B's continued successful growth is supported by their strong commitment to exceeding customer expectations for reliability, prompt service, quality products, and innovative business strategy

5.3.3 Business Operations

The company B's national network of locations and sales team offers customers (mainly Farming and food and manufacturing companies) local and national solutions, helpful contact and a solid understanding of needs. As per their New Zealand Chief DS', being equipped with over 150 years of collective industry knowledge and experience, Company B's sales

team are able to tailor a practical packaging solution – no matter what the challenge is or how unique the demand of their customer is.

5.3.4 Logistics and Supply Chain Operations

As an Importer and wholesale distributor, Company B extensively uses Company A,'s worldwide network for international shipping, distribution, and handling for their products. Company B also uses Company A's logistics services for storage, inventory management, order management and transportations and has been doing business with Company A for last seventeen years.

Factors leading to Outsourcing (High is '6' and low is '1')	Company B's Ranking
Cost Reduction	4
Investment Flexibility	3
Improved Customer Service	4
Better Market Penetration (Access to New Market)	3
Access to Logistics Expertise and IT Capability	5
Concentrate on Core Business	6
To become more Competitive	4
Enhanced Flexibility	5
Shorten Delivery Lead Time	5
Increase Productivity	6
Service Accuracy and Reliability	4
Better Visibility across Logistics Channels	4

Table G: Rating of important factors leading to outsourcing as rated by Company B

5.3.5

Questionnaire and Interview Response Summary- Case Two

- Reasons for selecting Company A in the first place as their 3PL provider:

As per 'DS': "Change can be positive but consistency of supplier or logistics provider's performance is critical, and we are in the business for a long haul, and we prefer to grow with our trading partners rather than changing supplier or provider every six months for few extra dollars. We have chosen Company A in the first place because as a company we still value personal relationships as most important".

- Effect of Long-term relationship on productivity issue:

As per DS, the NZ in charge of the company B, "Yes performance of our Logistics Service Provider providing storage and freight services is paramount and reflective of our company. So we see our Logistics Service Provider as an extension of our business".

Effect of long-term relationship with clients/providers on profitability Issue:

As per DS at Company B, "Financial aspects do not take over the relationship issues in case the cost charged escalated beyond market rates than issues would arise".

- Effect of Trust, commitment, loyalty and communication as an added customer service value:

According to DS from Company B, "Customer service is paramount, so needed reliability and flexibility to meet our customer requirement. I think we probably overachieve customer service compared to our competitors. Yes, we do trust our provider, over the years, the trust level has gone up and down according to the personalities and efficiencies of the people we are dealing with".

- Effect of long-term relationship on added business/trade secrets and intellectual property rights issue:

As per Company B's New Zealand in-charge 'DS', "Yes definitely very successful- systems are critical, but confidence and flexibility of relationship are crucial. Trust has been based on a handshake rather than contractual".

➤ Impact of relational factors on long-term business relationship:

As per Company B's New Zealand in-charge 'DS', "we have been a logistics client of Company A for last 16 years and counting. The company has grown its business and still growing". According to him, "As a small business, we intend to provide the best customer service we can and enjoy what we do. People and relationship underpin the specifics of logistics systems and so on. this needs to be reliable but not inflexible".

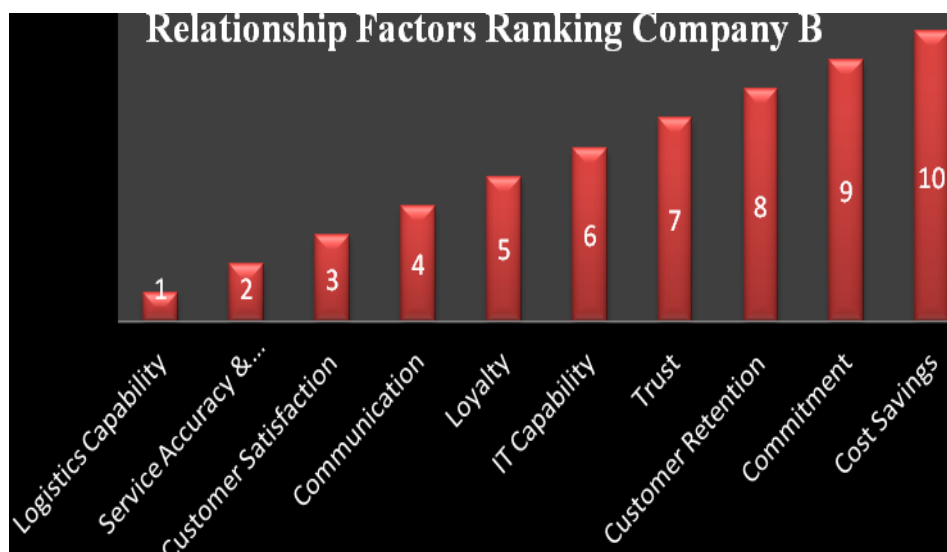


Figure 16: Ranking of top ten relationship factors as ranked by Company B.

5.4 Case Three: Company C

5.4.1 Company Overview

For over 35 years, Company C's parent company has manufactured Oxine and Purogene, which is a proven and safe disinfectant effective on a broad spectrum of micro-organisms. Company C International's (the parent company) manufactures a multipurpose line of chemical disinfectants, sanitizers, deodorizers, and preservatives. Company C's products are based on their parent company's proprietary chlorine dioxide solution which is environmentally safe and efficient against a wide variety of microorganisms in short contact times. The products have been tested for quality, effectiveness, and toxicity. Company C has obtained government approvals, licenses, and registrations for each product to assure its authenticity and safety. The initial chlorine dioxide applications were for water treatment, animal health environments, household and agricultural purposes. The success of these products encouraged expansion into larger commercial applications like in conjunction with food products and processing equipment as well as certain specific applications in dental, hospital and laboratory environments. The technical advances in Company C's products have resulted in a nearly odorless, clear, stable formula which can be stored, transported and used without special consideration.

5.4.2 Company History and Developments

Company C International (the parent company of Company C), is a manufacturer and worldwide seller of antimicrobial and biocidal products based on proprietary chlorine dioxide technology. The mission of Company C is to become a market leader and preferred source for stabilized chlorine dioxide and applications expertise aimed at meeting the needs of industry, consumers, and distributors. Company C New Zealand is an independently owned

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distribution wing for Company C International USA. Their target markets are farming business to airlines, horticulture, medical, food plants, medical facilities, sports facilities, animal health, and cold storages and so on.

5.4.3 Business Operations

At present, Company C's products are influential in the elimination of microorganisms found in the medical professions, water treatment, food processing plants, dairy and bottling plants, the seafood industry, air duct ventilation systems, the oil field industry, and the animal health industry. The Company aims to achieve its mission through a commitment to superior products and services, ongoing research and innovation, high ethical standards, and diligence. Company C distinguishes itself from its competitors by providing "simply the best" stabilized chlorine dioxide products backed by superior applications expertise and service.

5.4.4 Logistics and Supply Chain Operations

A few years ago Company C started using Company A's international network to import, store and distribute their products to New Zealand market. Being a unique product, it needed specialized handling, storage, and delivery system. Compared to the USA the Company C's operation here in New Zealand was minuscule, and the product movement was not that significant and as a result, recently the owner of Company C has decided to bring the operations under its own roof.

5.4.5

Questionnaire and Interview Response Summary-Case Three

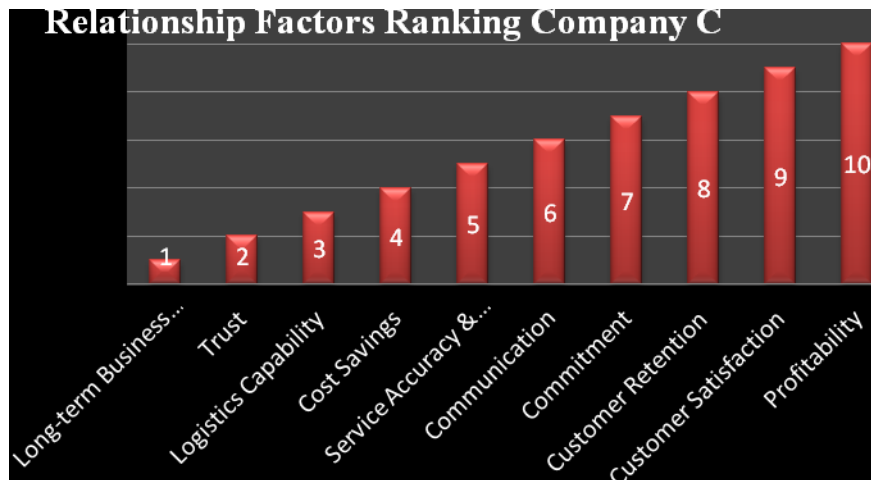


Figure 17: Ranking of top ten relationship factors as ranked by Company C

➤ Reasons for selecting or deciding to do business with their current 3PL provider:

As per 'TW' the New Zealand owner of Company C, the decision to use the service of Company A as their logistics service provider was a financial one. In the early stages of their business, they wanted to test the market and grow their business first then and wanted to commit financially. Moreover, using the service of Company A was proven to be more economical and as Company A has offered them a 'one stop service' under one roof ranging from freight forwarding, customs clearance, storage, handling, and delivery, and so on.. Recently they have pulled out of their service contract with Company A and started their small-scale warehousing and logistics facility in an area on the northern coast of North Island.

➤ Effect of Long-term relationship on productivity issue:

As per 'TW' the New Zealand owner of Company C, "our long term relationship helped our business using better customer satisfaction and improved lead times".

➤ Effect of long-term relationship on profitability Issue:

As per 'TW' the New Zealand owner of Company C; "being a small scale business looking to find its footing into the market building relationships were the top priority rather than just making money".

➤ Effect of Long-term relationship on logistics performance issues:

As per 'TW' the New Zealand owner of Company C; our logistics provider being a 3PL service provider who looked after our clients with delivering the right product, right quantity, and on-time delivery.

➤ Effect of Long-term relationship on service performance issues:

As per 'TW' the New Zealand owner of Company C, "Company A has acted on our behalf, and as long as our customers were happy there were no issues with the relationship".

➤ Effect of Long-term relationship on added customer service value:

As per 'TW' the New Zealand owner of Company C, "we worked as a team with Company A to serve our customer better. Our relationship with Company A helped our customer keep informed from point of origin to point of delivery and the open communication with our provider helped grow our business too".

➤ Effect of Long-term relationship on added business/trade secrets and intellectual property rights issue:

As per 'TW' the New Zealand owner of Company C; "yes because they are reliable. Loyalty and commitment on both sides make any relationship work. The good communication helps too".

➤ Impact of relational factors on business relationship:

As per 'TW' the New Zealand owner of Company C, "yes, it is a successful one, because we know we can rely on them (our logistics service provider) in all aspects of logistics activities to deliver quality, performance at equitable costs".

5.5 Case Four: Company D

5.5.1 Company Overview

Company D is a family owned business, a successful retail operation for last twenty-five years, and has an exclusive arrangement with a world-renowned brand to sell and distribute their products exclusively in New Zealand market.

5.5.2 Company History and Developments

Company D is run by a hard-working, business savvy and entrepreneur ‘KC’ who has turned a small family business into a world class fashion outlet for an iconic brand. Company D has stores all over New Zealand, rights to sell, and set-up exclusive shops for a world-renowned brand (which we cannot name due to privacy and business sensitivity issues). The business has been growing steadily with being monitored by the parent company’s Australian office.

5.5.3 Business Operations

Company D is a retailer with an immense reputation in the world of fashion and clothing in the local and Australian market and has a reputation for offering sought after products all around New Zealand. The business operation has steadily grown over last twenty-five years as they have historically dealt with only one brand and stayed with the same brand through tough business times. As a result, they are enjoying the good times in the business as the brand they distribute and sell exclusively in New Zealand now is one of the top ten renowned fashions and clothing brands with huge global goodwill, image, and reputation.

5.5.4 Logistics and Supply Chain Operations

As part of the business arrangement from the Brand's Head Quarter from the USA, the ordering and shipment and customs clearance used to be done through Company A's Australian branches. The Australasia supply chain and logistics provider has been changed due to the business merger in the USA recently. As a result, Company, A is not their Australasian logistics and supply chain provider anymore, and another renowned New Zealand Logistics and Freight Company is looking after their global logistics and supply chain activities.

Factors leading to Outsourcing: (High: 6 and low: 1)	Company D's Ranking
Cost Reduction	6
Investment Flexibility	6
Improved Customer Service	6
Better Market Penetration (Access to New Market)	2
Access to Logistics Expertise and IT Capability	6
Concentrate on Core Business	6
To become more Competitive	6
Enhanced Flexibility	6
Shorten Delivery Lead Time	6
Increase Productivity	6
Service Accuracy and Reliability	6
Better Visibility across Logistics Channels	6

Table H: Rating of important factors leading to outsourcing as rated by Company D.

5.5.5

Questionnaire and Interview Response Summary-Case Four

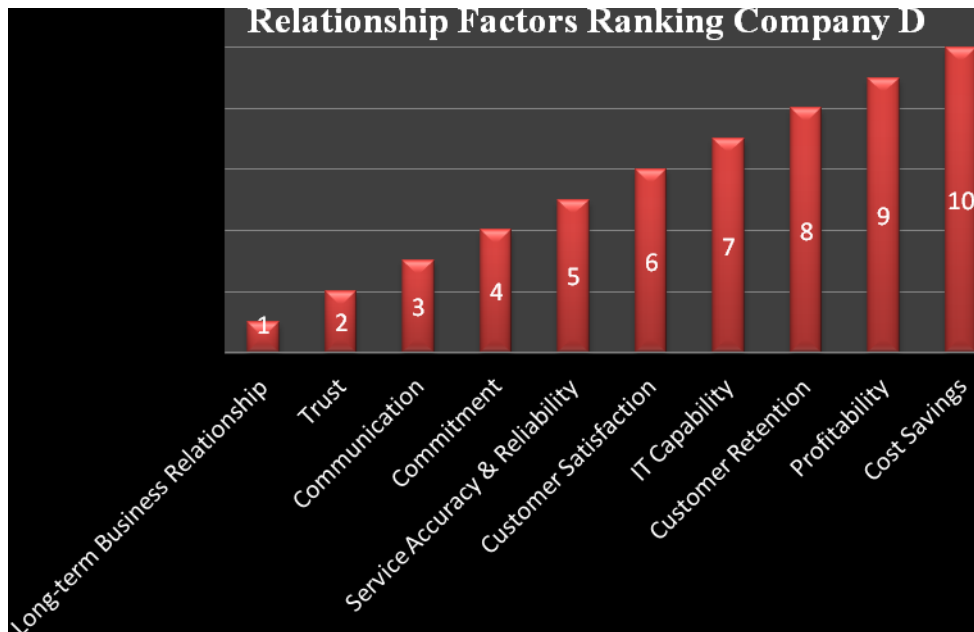


Figure 18: Ranking of top ten relationship factors as ranked by Company D

➤ Reasons for selecting Company A in the first place as their 3PL provider:

As per 'KC', "The main business arrangement and decisions have always been made by the Brand Company's HQ in the USA and the branch office in Australia. Moreover, the previous business relationship with Company A's Australian branch and the brand company's Australian branch was the main catalyst for Company D using Company A's services".

➤ Effect of Long-term relationship on productivity issue:

As per 'KC': "Of course, it does help. We depend on our provider to deliver our customers at the right time and damage free product every time".

➤ Effect of Long-term relationship on profitability issue:

As per 'KC': "Profitability is important, but it is not the top priority if we do not have better relationship and communication with our provider then we cannot be profitable".

➤ Effect of Long-term relationship on logistics performance issues:

As per 'KC': "Yes we believe the personal relationship between provider and their clients makes the provider tend to be more flexible and over-service their customers".

➤ Effect of Long-term relationship on service performance issues:

As per 'KC': "The longer the relationship, the better the teamwork, and communication. Moreover, we prefer when our Logistics Service Provider takes any initiatives that help us save time and effort on our part. As in our kind of retail business 'Time, some time is worth more than money' due to the seasonality factor".

➤ Effect of Long-term relationship on added customer service value:

As per 'KC': "Yes the service performance of our provider has given us consistency with our delivery timing and therefore enabling to run our business competitively and as a retailer, it is critical to us".

➤ Effect of Long-term relationship on added business/trade secrets and intellectual property rights issue:

As per 'KC': "We trust our provider with our product costing and sensitive business information, and it is only possible when we get along and look after each other's interests".

➤ Impact of relational factors on Business relationship:

As per 'KC': "Like every business relationship, we tend to be depended on our provider to keep their performance level up to the mark which is required by our customer as far as right quantity, right product and precision of delivery is concerned. As a retailer in a very competitive fashion and clothing industry, we have no choice but to rely on our provider to keep our customers happy by providing committed, trustworthy and flexible service every time".

5.6 Case Five: Company E

5.6.1 Company Overview

Company E has been providing logistics and supply chain solutions to Australia, New Zealand and rest of the world for more than 25 years with tremendous business success. Company E New Zealand is a franchised wing of Company E Australia, and they specialize in optimizing tailored supply chain solutions and developing the right efficiencies for their clients. From consumer-facing e-commerce engines to warehousing and container ocean freight, Company E has the expertise needed to operate the most efficient supply chain. Armed with a state of art MIS system, managing customers growing and increasing complexities, and increase customer's visibility with one easy-to-use, real-time, web-based management system has been a very successful tool for this growing business. Company E's business mission is to provide simplified and cost effective supply chain solutions for their customers. Their focus is on people and the relationships that they build, within their organization and with their clients and partners.

5.6.2 Company History and Developments

Company E's vision is to continue their growth from a traditional freight forwarder to a fully integrated logistics service provider while staying faithful to their values and high levels of service standards. They are an Australian owned and operated company with 25 years of experience in their field, whether it is ocean freight forwarding, air freight forwarding, customs brokerage, warehousing or transportation; Company E realize that there is a multitude of companies out there competing for their business. Company E management likes to think that they do things the right way by always putting their customers first and being transparent through the entire process.

5.6.3 Business Operations

Company E specializes in offering smarter logistics solutions to ensure that their clients are a step ahead of the competition. They provide round the clock tracking, allowing full visibility for their customers. The motto of business at Company E is to focus on building relationships and providing the best customer service possible and much focused on Customer Relationships and Retention. These below four are the business vision and mission at Company E as per their New Zealand CEO 'BS':

- **Visibility:** An honest approach. Providing customers with transparency throughout the entire process.
- **Stability:** A stable environment. Providing the best possible environment for our staff so that we can focus on our customer.
- **Adaptability:** Everyone is different. Being adaptable, listening and creating bespoke solutions.
- **Serviceability:** Being the best at what we do. Providing world class service and solutions.

5.6.4 Logistics and Supply Chain operations

Company E is a fully integrated logistical service provider offering warehousing and distribution, bonded and general cargo storage solutions, customs brokerage, freight forwarding and more. By simplifying processes, finding the right access to carriers and capacity, and improving our ability to monitor and track shipment activity, the Company E-supply chain engineers create a transportation solution that is lean, efficient and improves customer satisfaction, keeping their customers business running at peak performance.

Factors leading to Outsourcing: (High:6 and low: 1)	Company E's Ranking
1 Cost Reduction	6
2. Investment Flexibility	1
3. Improved Customer Service	6
4. Better Market Penetration (Access to New Market)	4
5. Access to Logistics Expertise and IT Capability	6
6. Concentrate on Core Business	6
7. To become more Competitive	6
8. Enhanced Flexibility	6
9. Shorten Delivery Lead Time	4
10. Increase Productivity	6
11. Service Accuracy and Reliability	6
12. Better Visibility across Logistics Channels	6

Table I: Rating of important factors leading to outsourcing as rated by Company E

5.6.5 Questionnaire and Interview Response Summary-Case Five

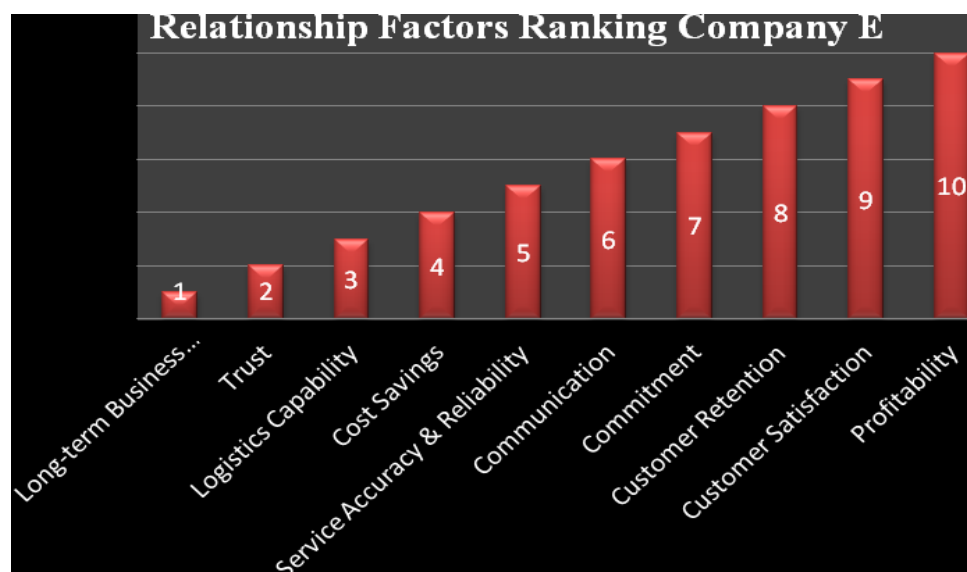


Figure 19: Ranking of top ten relationship factors as ranked by Company E

➤ Reasons for selecting Company A in the first place as their 3PL provider:

As per 'BS', the CEO of Company E: "For a small business such as ours, the logistics partnership is crucial in pursuing larger accounts. Cost reduction, improved customer service, Access to logistics and IT expertise, Concentrating on Core business and increase productivity, flexibility, enhancing service reliability, and accuracy and better visibility across the supply chain are the reasons for using Company A's services".

➤ Effect of Long-term relationship on productivity issue:

According to 'BS', "it does not have a significant impact as such on their case".

➤ Effect of Long-term relationship on profitability issue:

As per 'BS', "profitability and Trust, loyalty commitment they work together hand-in-hand to ensure that profit is the end product".

➤ Effect of Long-term relationship on logistics performance issues:

According to 'BS', "Yes we have more clients requesting more services rather than traditional customs clearance, freight forwarding, and shipping only services and as a business, these are added benefits of having many happy clients".

➤ Effect of Long-term relationship on service performance issues:

As per 'BS', "for a small business such as ours, the logistics partnership is crucial in pursuing larger accounts".

➤ Effect of Long-term relationship on added customer service value:

According to 'BS', "as a business these days, it is really a door-to-door service. If we can provide this, then we will have many happy clients".

➤ Effect of Long-term relationship on added business/trade secrets and intellectual property rights issue:

As per 'BS', "yes, all based on communication, any concerns have been clarified and sorted amicably".

- Impact of relational factors (Trust, commitment, loyalty, flexibility, and so on) on business relationship

According to 'BS', "yes if we do not trust our provider then we would not be working with them for the extended period of time (more than ten years) that we have".

5.7 Case Six: Company F

5.7.1 Company Overview

Company F is one of the Australia's leading privately owned provider of integrated international logistics and freight services. After starting their operations in early 1980's Company F is now a respected total logistics service provider with highly developed expertise in the entire supply chain. A privately owned business venture with business directors who are all very active in operational, strategic and executive roles within the company to ensure that their vision and mission to provide totally managed international transport and warehousing solutions tailored to meet customer needs are consistently achieved and exceeded. The company's business focus is on partnering with their client organization to drive a reduction in supply chain costs while increasing the logistics client's management control over logistics operations and the interdependent relationships that exist with core business operations. Company F genuinely believes that it has some competitive advantages, none more so than having its shareholders working within the industry in each of their worldwide locations where they have developed particular expertise in local logistics operations and requirements.

5.7.2 Company History and Developments

Company F's parent company is successfully operating since it was established in 1982 and now the organization, its people, and partners relentlessly pursue efficiencies and seek to be at the forefront of today's electronic business-to-business data initiatives. Armed with the IT know-how and sophistication thus ensuring the visibility of logistics channels for their customers that ensure customers to track their valuable shipment at any given time can be fundamental to making effective business decisions, managing costs and optimizing

productivity. Understanding the customers, collaborating with clients to enhance shipping and information output is the cornerstone of Company F's business motto to ensure business growth and success for their trading partners. This investment in technology and managing information is a key differentiator of Company F's unique service offering. Currently Company F have strategically positioned offices in the major cities in most commercially important cities and are also supported by an extensive agency network of over 100 offices throughout more than 40 countries across the globe. Their reach is truly global nowadays with their presence in North America, Europe, Asia, South America and the Middle East, and almost all parts of Australia, New Zealand, Hong Kong and China.

5.7.3 Business Operations

According to 'WC' the NZ CEO, with experience comes the capability of delivering a range of services around the globe; Company F believes that their valuable operational history has provided many tangible benefits, none more important than understanding the key requirement to identify and deliver all customer expectations. As per 'WC' the Company F's New Zealand CEO their current services include:

- Air and sea freight forwarding, customs clearance, container packing and unpacking, warehousing and storage, origin services, supplier management, PO management, PO consolidation, multi-country consolidation (MCC), buyer's consolidation, port split, origin pre-distribution, weekly LCL service, daily air service, specialised services, project cargo, tariff audit and customs consultancy.

5.7.4 Logistics and Supply Chain operations

Company F believes that they handle the logistics business basics well compared to their competitions. As a result, they think it is given that they will move their customer's freight from origin to destination no matter the complexity and routing of its journey. Company F's reputation in this regard is admirable, as per their New Zealand CEO 'WC' Company F are all about total solutions and completely integrated service offerings. In fact, company F's mission statement reflects this thinking succinctly; "To enable our customers to have the best global supply chain solutions." According to 'WC', Company F is a supply chain partner that works closely with its clients to directly contribute to their client's current and future growth strategies. In recent years, Company F has demonstrated their capability in the following areas with a multitude of long-term customer associations:

Factors leading to Outsourcing: (High: 6 and low: 1)	Company F's Ranking
Cost Reduction	5
Investment Flexibility	2
Improved Customer Service	5
Better Market Penetration (Access to New Market)	2
Access to Logistics Expertise and IT Capability	5
Concentrate on Core Business	6
To become more Competitive	3
Enhanced Flexibility	3
Shorten Delivery Lead Time	5
Increase Productivity	5
Service Accuracy and Reliability	5
Better Visibility across Logistics Channels	5

Table J: Rating of important factors leading to outsourcing as rated by Company F.

5.7.5

Questionnaire and interview response summary-Case Six

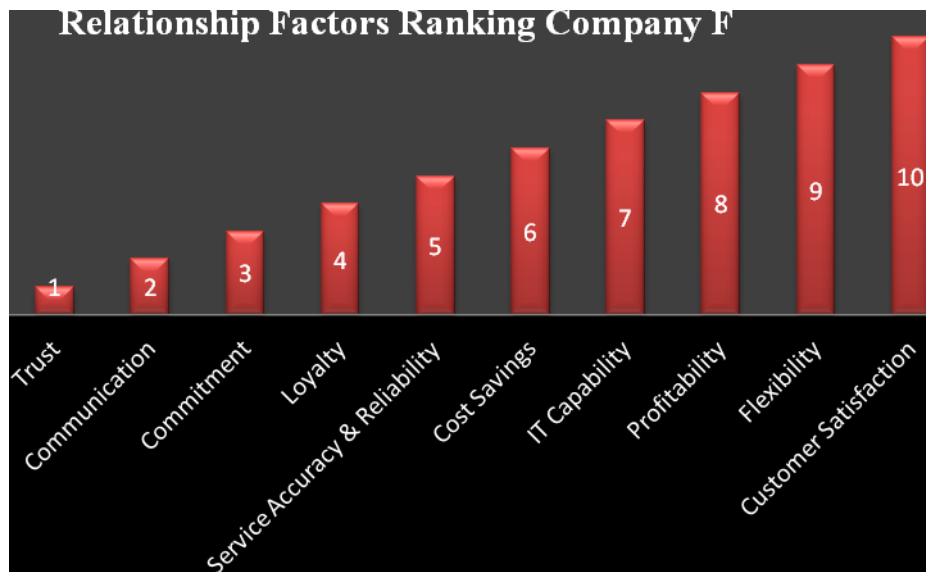


Figure 20: Ranking of top ten relationship factors as ranked by Company F

- Reasons for selecting or deciding to do business with Company A in the first place as their 3PL provider

As per Company F's New Zealand CEO 'WC', "around ten years ago they had to start using Company A's service for strategic reasons; which was to get their business sorted first and study the market. They used Company A's service initially to concentrate on their core business, investment flexibility and access to IT and Logistics capability of Company A. They have been on their own since early 2011 when they moved into their warehousing facility and stopped using Company A's logistics services and eventually became a Logistics Service Provider themselves".

- Effect of Long-term relationship on productivity issue:

As per Company F's New Zealand CEO 'WC', "Yes Clients has been able to report own staff to the task".

- Effect of Long-term relationship on profitability issue:

As per Company F's New Zealand CEO 'WC', "Trust between partners is more important than the financial aspects as it has laid the foundation of the relationship".

➤ Effect of Long-term relationship on logistics performance issues:

As per Company F's New Zealand CEO 'WC', "being a logistics client ourselves, to begin with, we understand the service delivery expectations of our customers and with our ever-increasing logistics capability, we are meeting our customer demands and expectation almost 99% times. Moreover, our relationship with our clients makes it possible to resolve any issues amicably".

➤ Effect of Long-term relationship on service performance issues:

As per Company F's New Zealand CEO 'WC', "Yes, we had many new customers referred to us. By our clients and it has saved us money from business development perspectives".

➤ Effect of Long-term relationship on added customer service value:

As per Company F's New Zealand CEO 'WC', "We have a happy and loyal client base, and word of mouth publicity and referrals from our old customers are helping us get more accounts and become more competitive".

➤ Effect of Long-term relationship on added business/trade secrets and intellectual property rights issue:

As per Company F's New Zealand CEO 'WC', "Yes, our clients trust us with their product and the security as we have their entire product costing in our system".

➤ Impact of relational factors on business relationship:

As per 'WC', "yes the business relationships have been very successful. The clients have let us grow and develop systems that we can use with other clients. Selecting business partners should be a detailed and thorough process and Company F welcomes the most robust analysis

as they are confident in their systems, their services, their network, their people and their processes”.

5.8 Case Seven: Company G (Lion)

5.8.1 Company Overview

Company G (Lion) is arguably one of Australasia's largest food and beverage companies, employing more than 7,000 people across Australia and New Zealand. Their business history and legacy dates all the way back to the seventeenth century. As the market leader in their business category Company G (Lion) produces and distributes and markets premium brands in the dairy, juice, soy, beer, cider, fine wine, spirits, alcoholic ready-to-drinks and non-alcohol beverages categories. Company G (Lion)'s distinctively diverse portfolio produces across 36 different sites in Australia and NZ, collectively generates revenues of around \$5 billion each year. Company G (Lion) makes a significant contribution to New Zealand's economy generating about \$818m worth of economic activity for the country and employing over 1,000 people directly. Indirectly, Company G (Lion)'s operations create jobs for 3,500 Kiwis. They are one of New Zealand's largest procurers of agricultural products buying around \$96m worth of raw materials from New Zealand farmers each year, (<https://www.lionco.com/about-us>). (Retrieved 12-10-2015).

5.8.2 Company History and Developments

Company G (Lion) has a very rich and very vivid business history that is very hard to depict in few pages. The business history of Company G (Lion) spans across three golden centuries starting from seventeenth century the market is growing, shapes, portfolios, and dollar values. It all started back in 1795, when James Squire, a convicted highway robber, and publican, produced the first commercial ale and became Australia's first brewer. (<https://www.lionco.com/about-us/our-history/1700s>). (Retrieved on October 27, 2015).Then

Eighteenth and Nineteenth century saw many corporate activities that shaped and formed the business to be the pioneer of its kind as it is today. In 1861, Pioneer brewer Richard Seccombe founded the Great Northern Brewery at Khyber Pass. He used the Company G (Lion) from his family crest as its logo. (<https://www.lionco.com/about-us/our-history/1800s>). (Retrieved on October 27, 2015). Continuing with the legacy of changes; the Company G (Lion) saw few more changes in Nineteen hundred and the millennium; in 1914, The Great Northern Brewery becomes officially known as the Company G (Lion) Brewery when the company merges with Campbell & Ehrenfried. In 1971, Campbell & Ehrenfried and New Zealand Breweries formed New Zealand Wines & Spirits through a 50/50 joint venture. In 1977: The northern division of New Zealand Breweries takes on the name Company G (Lion) Breweries. (<https://www.lionco.com/about-us/our-history/1900s>). (Retrieved on October 27, 2015). The last decade saw yet few more mentionable changes in the Company G (Lion)'s business direction: in 2001/2002: Company G (Lion) acquires New Zealand wine company Wither Hills. 2004: Heineken and Company G (Lion) Nathan establish a joint venture – Heineken Company G (Lion) – to brew, market and distribute Heineken in Australia. Most notable changes occurred in 2011: when Company G (Lion) acquires Little World Beverages in Australia, and Emerson is in New Zealand and split the company into three businesses:-

- Company G (Lion) Beer, Spirits, and Wine Australia
- Company G (Lion), Beer, Spirits and Wine New Zealand
- Company G (Lion) Dairy and Drinks.

(<https://www.lionco.com/about-us/our-history/2000s>) (Retrieved on October 27, 2015)

5.8.3 Business Operations

Company G (Lion) is an organization motivated by long-term, viable growth. The board of directors of Company G (Lion) has a clear ten-year strategy to extend their leadership in their beverage business; transform the dairy and juice businesses and champion the nutritional credentials of their portfolio; and build their presence in high-value categories in targeted Asian markets which are Japan, China, and Middle-East. To accomplish the ten-year business strategy Company G (Lion) has invested in four core strategic assets – their people, brands, production facilities and supply chain – to generate value for their customers and consumers. Company G (Lion) are the leading brewer in both Australia and New Zealand and are delightfully the home to four out of the top ten brands in Australia and six of the major ten brands in New Zealand. Their brands are also market leaders in the dairy and juice categories. (<https://www.lionco.com/about-us>) retrieved 12-10-2015)).

5.8.4 Logistics and Supply Chain Operations

Company G (Lion)'s logistics and supply chain channel are said to be one of the complex one around according to their NI Logistics and Warehouse Manager 'MP.' Company G, are the outright market leader with approximately 53% of the market share in their industry. Traditionally in the business of Company G, there is a huge spike in seasonal demand during holiday periods, which always takes a toll on the existing logistics and supply chain operations systems. Company G's (Lion) Supply chain and logistics department have a unique sub-contracting system in place where Company G (Lion) provides the infrastructural support and let their provider supply workforce and operate the day-to-day operations. The management of Company G (Lion) controls the operations from point A to point B and keeps the planning and decision making to their logistics department. With the huge demand for products throughout the year and only two manufacturing facility (NI manufacturing plant contributes 80% and the SI manufacturing facility only 20%). There is an enormous logistical challenge to manufacture finished product in NI and ship around 120 TEU (20 feet container) finished goods to SI every week and during Christmas and New Year holidays the demand increases by almost ten folds. Therefore, the logistical challenge here is to have a lean supply chain management in place to even out the demand spike during peak season and as a result in the wintertime when the market demand is flat and quiet, the management gives the go ahead to keep producing and stocking the finished product. These whole process of manufacturing in advance and supply the items and store them at the right place at the right time creates a huge logistical challenge for the logistics and supply chain team, says 'MP' Company G's (Lion) NI Logistics and Warehousing Manager. As a result, currently, Company G (Lion) uses the services of twenty-four different service providers for different logistics and distribution purposes. Moreover, coordinating the logistics functions for twenty

different companies to achieve Company G (Lion) operational objectives is a serious logistical challenge. Moreover, still Company G (Lion) has a 99% DIFOT (Delivery in Full On Time) rate to date, and they are the market leader with more than 50% of the market share in the NZ beverage market.

Factors leading to Outsourcing: (High: 6 and low: 1)	Company G (Lion)'s Ranking
Cost Reduction	5
Investment Flexibility	3
Improved Customer Service	2
Better Market Penetration (Access to New Market)	2
Access to Logistics Expertise and IT Capability	1
Concentrate on Core Business	6
To become more Competitive	3
Enhanced Flexibility	3
Shorten Delivery Lead Time	1
Increase Productivity	2
Service Accuracy and Reliability	2
Better Visibility across Logistics Channels	2

Table K: Rating of important factors leading to outsourcing as rated by Company G (Lion)

5.8.5

Questionnaire and Interview Response Summary-Case Seven



Figure 21: Ranking of top ten relationship factors as ranked by Company G (Lion)

- Reasons for selecting or deciding to do business with their logistics service provider in the first place as their 3PL provider:

As per Company G (Lion)'s North Island Logistics and Warehouse Manager, 'MP', "even though they have an enormous financial clout to hire or employ people necessary to run their logistics and supply chain operations in-house. The strategy Company G (Lion) management has taken is that they invested an enormous amount of money and build the modern state of art production and warehousing facility and subcontracted the day to day logistics operations to twenty-four different service providers, a classic example of collaboration between Third party logistics client and service provider. The reason according to 'MP' is a financial one and at the same time a strategic move as well. The financial reason is to free up fixed cost on wages and salaries by running the logistics functions in-house and the strategic reason was to tap into lucrative market rates offered by various logistics service provider who is keen to have such a big account in their book. Having total control over their operational activities

were also mentioned as part of the strategic decision. As a result, the longest running service provider is with them for last thirty years, and the newest is less than a year old”.

➤ Effect of Long-term relationship on productivity issue:

As per Company G (Lion)’s NI Warehouse and Logistics Manager, ‘MP’: “We now have a ten-year relationship with our current provider (LINFOX), which in last five years proven to be very productive. Before that, we had a poor client-provider relationship- a blame culture form for both parties”.

➤ Effect of Long-term relationship on profitability Issue:

MP: “Company G (Lion) wants the best cost plus best solutions plus top safety record of their provider (Linfox) which is best in class in New Zealand”.

➤ Effect of Long-term relationship on logistics performance issues:

MP: “Yes Trust, commitment, communication, loyalty, flexibility and all other relational factors are important, as we deal very closely with our providers daily and they have made a step change in their culture over the last three years. Moreover, this shows that both parties value the business relationship”.

➤ Effect of Long-term relationship on service performance issues:

MP: “The people or providers we have employed have grown into an excellent service provider, and we have a great relationship/collaboration with them as the direction always come from us, Company G (Lion)”.

➤ Effect of Long-term relationship on added customer service value:

MP: “Yes, Trust, commitment, communication, loyalty, flexibility and all other relational factors are necessary to have a base for relationship foundation, and we have made a tremendous work with collaboration from our providers (twenty-four). Our personal relationship has added extra zest to our operations, and throughput is close to 90%, and our DIFOT (Delivered in-Full, On-Time) rate is around 99%, and we are way ahead of our competitors in customer service and customer satisfaction areas”.

- Effect of Long-term relationship on added business/trade secrets and intellectual property right issues:

MP: “Yes we now have a well-trained pool of people who increase the value to our business and have help managed cost reduction on a year by year basis. Plus control safety- zero LTI (Lost time Incidents) and MTI (Medical Treatment Incidents) in 12 months”.

- Impact of relational factors on business relationship:

MP: “Yes we have a very successful relationship with our providers, and currently we have 24 different service providers and the relationship with them ranges from one year to thirty years. Moreover, we are growing and so do our providers as they are ‘result’, ‘target’, and ‘KPI’ oriented. Moreover, this proves that the business relationship is working and successful”.

5.9 Case Eight: Company H

5.9.1 Company Overview

Company H is a New Zealand operated and managed the tissue-converting company. Manufacturing and distributing leading brands of the high-quality toilet and tissue paper products throughout New Zealand. As a socially, economically and environmentally responsible company, Company H strictly follows the New Zealand and international environmental laws, and because of their socio-environment friendly procurement policy Company H only sources fibers from internationally certified suppliers and only purchasing wood fiber from sustainably managed forestry sources.

5.9.2 Company H History and Developments

After their business inauguration in South Island in 1986, a group of enterprising locals who set out to fund their local church's activities started PI Industries. In the beginning, the business was mainly South Island focused, over the years the company expanded into the North Island market, and the product variety was also increased. Nowadays the product mix includes facial tissues, napkins, and products for the 'AFH' commercial locations, including hotels, offices, and public bathrooms. In 2002, Company H was born after PI Industries was renamed as Company H limited. By 2006, the Company H's business had reached its peak and as a result, the company decided to set up another manufacturing plant in the Auckland in May 2007. The Dunedin factory carried on playing a pivotal role in the key establishment in the South Island supply chain strategy. In 2007, Company H became an affiliate of Asia Pulp

and Paper (APP). Company H is now run and led the next generation team of its first frontiers with sites in both Auckland and Dunedin.

5.9.3 Business Operations

Company H is dedicated to delivering a quality product on time and at an affordable price. Almost every one of Company H employees subscribes to and takes personal responsibility to achieve this goal. Company H scales all its products against comparable New Zealand and international products to warrant that they meet or exceed their standards and that their product delivers the very best of its range of products to its consumers and consumers in general. In 2010, the Auckland factory was expanded to accommodate its visionary and ongoing growth. Company H started with a product called 'AFH' for the commercial market as per the strategy of expanding the business and Company H acquired GL Limited, a distributor of goods to customers in the 'AFH' market. By 2011 the retail market had developed even further, and consumers wanted luxury toilet tissue converted in New Zealand.

5.9.4 Logistics and Supply Chain Operations

Company H has a rich history of more than 25 years in the business of manufacturing and sales and distributing of personal hygiene products for supermarkets and commercial organizations in New Zealand. Since their early days, Company H continued to invest in their Auckland and Dunedin businesses employing 130 Kiwis. The mission at Company H is to bring New Zealand customers the quality, choice and value they deserve when purchasing kitchen and bathroom solutions. Company H uses multiple logistics service provider to cater the needs of their demanding clients. With products going both ways from their both NI and SI manufacturing sites, they predominantly use multiple logistics service providers to carry

on their day to day operation while keeping the strategic decision making to their Auckland office based supply chain and logistics team. As per their National Logistics Manager ‘RT’ due to the nature of the product and market, they rely on the performance of their logistics provider to get it right every time. As a result, the company is enjoying 37% of the market share in their business, which was a mere 6 % only a few years ago. As per ‘RT’, “We remember where we have come from but continue to seek opportunities to enhance our reputation as a supplier of quality tissue based products to the New Zealand market”.

Factors leading to Outsourcing (High: 6 and low: 1)	Company H’s Ranking
Cost Reduction	4
Investment Flexibility	3
Improved Customer Service	2
Better Market Penetration (Access to New Market)	2
Access to Logistics Expertise and IT Capability	3
Concentrate on Core Business	4
To become more Competitive	4
Enhanced Flexibility	4
Shorten Delivery Lead Time	4
Increase Productivity	2
Service Accuracy and Reliability	2
Better Visibility across Logistics Channels	3

Table L: Rating of important factors leading to outsourcing as rated by Company H.

5.9.5

Questionnaire and Interview Response Summary-Case Eight

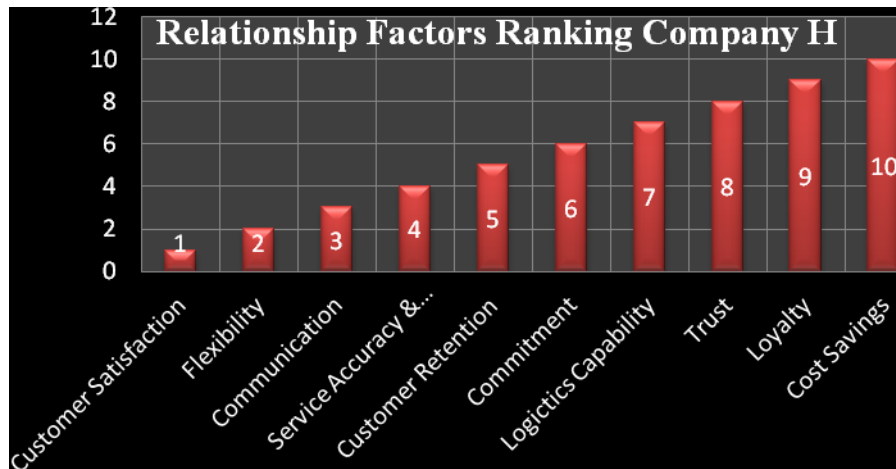


Figure 22: Ranking of top ten relationship factors as ranked by Company H

- Reasons for selecting or deciding to do business with their logistics service provider in the first place as their 3PL provider:

As per 'RT', "Company H is predominantly a manufacturer and wholesaler and its core competency lies there. Moreover, due to the nature of their product market, their clients are very demanding who requires precision on delivery and supply. To cope with these market and customer demands and to synchronize the manufacture-supply-end customer demand, Company H has employed multiples logistics service provider in both Islands. According to their National Logistics Manager 'RT', their logistics service providers offers them the flexibility to keep their customer satisfied by providing them the service and which Company H are unable to do in-house".

- Effect of Long-term relationship on productivity issue:

As per 'RT': "The relationship is paramount particularly for our 'Away Grow Home' division where the customer requirements are often specialized. A close relationship with our logistics service provider means that more often than not we can achieve these deliveries".

➤ Effect of Long-term relationship on profitability Issue:

As per 'RT': "No, we have excellent negotiated rates and when the market was recently tested this was proven. The service we are currently getting from our Logistics Service Provider is excellent, and we have a bit of everything going i.e. Trust, commitment, loyalty, flexibility, and communications; at the moment".

➤ Effect of Long-term relationship on logistics performance issues:

According to 'RT': "We have electronic uploads of our consignments which allow for better tracking of goods regarding volumes and so on. It has also helped us regarding our customer services point of view".

➤ Effect of Long-term relationship on service performance issues:

As per 'RT': "Our ongoing relationship with our Logistics Service Provider (Oldest one ten years and the new one almost a year) has added value by supporting our business objectives by offering us flexibility to meet the needs of our demanding customers".

➤ Effect of Long-term relationship on added customer service value:

As per 'RT': "Yes with our main suppliers there is good open communication (and commitment too) which means that when issues occur, or we need something out of the

ordinary, we can request them, and more often we achieve with the help of our logistics service provider”.

- Effect of Long-term relationship on added business/trade secrets and intellectual property rights issue:

As per ‘RT’: “I would say that it is successful regarding ensuring all of our customers’ needs and demands are met. There have been issues but the way our logistics service provider have handled it and the overall outcome has been very successful”.

- Impact of relational factors on business relationship:

As per ‘RT’: “The relationship is paramount particularly for our ‘Away From Home’ division where the customer requirements are often specialized and door-to-door. A close relationship with our logistics service provider means that more often than not we can achieve these deliveries”.

5.10 Summary

In this chapter, we have discussed the history of the case participants and their businesses and their opinion and feedback on issues related to ‘relationship management’ in their businesses. Moreover, how these relationship factors impact their day to day activities and shape their relationships with their logistics service providers and/or their logistics outsourcing clients. We have analyzed the nine case study subjects and their stance on the answers to the questionnaire and presented their answers as they have communicated to the researcher. In the next chapter, we will use the analyzed data that were gathered from the interview and questionnaire and will use the data results to present a cross-case analysis of the ‘relationship management’ issues. Moreover, their influence, and impact on the third party logistics outsourcing businesses in New Zealand logistics outsourcing service provider and their clients.

CHAPTER SIX – CROSS-CASE STUDY RESULTS: - ANALYSIS AND DISCUSSION

6.1 Introduction

In the previous chapter, we have discussed the case participant's individual business overview, history, their logistics and supply chain activities, and their individual responses to the research questionnaire. In this chapter, we will analyze the relational factors and their impact on the businesses of the case participants and discuss the views of other researchers and academics as well. Moreover, over all the implications of these relational factors on relationship management issues of the participant logistics service provider and the logistics service clients. Moreover, also will compare and discuss the stances of these case participants on different issues.

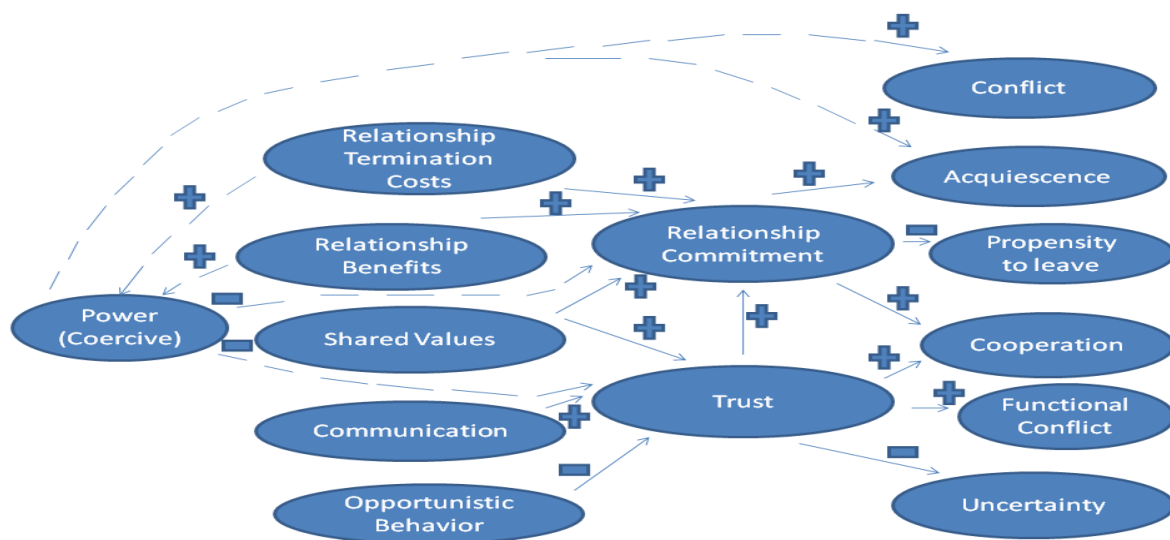


Figure 23: The extended 'key mediating variable' (KMV) model of "relationship marketing" by Morgan and Hunt (1994, p. 33)

courtesy: <http://relationshipmarketingandmore.blogspot.co.nz/2014/04/the-extended-kmv-model-of-relationship.html>

The diagram at figure 23, shows the influence of the five major antecedents of relationship commitment and trust (relationship termination costs, relationship benefits, shared values, communication and opportunistic behavior) on the outcomes of relationship commitment and Master's in Logistics and SCM Thesis by Sunny Kareem Page 155 of 294

trust (acquiescence, propensity to leave, cooperation, functional conflict and decision-making uncertainty) in order to accomplish a successful relationship marketing.

The table M below indicates what the case participants are doing logistically and where they stand from logistics outsourcing point of view in their current business situation. The interesting point to look for is that the provider and client role has changed in few incidents. For example in our multi-case research, some customers indicate that they play the role of provider for their clients and sometimes subcontract the jobs out to other parties. As for ‘Transportation’ issues, all the logistics service providers in this case study were using transport companies to do their deliveries on behalf of their 3PL clients. The reason for using sub-contractors for transportation by the service of their providers was same as their logistics clients, such as free up capital and use of the capability of the service provider and finally outsourcing the non-core business activities with minimal impact on their core strengths.

Outsourcing Status	Warehousing and Storage	Inventory Management	Delivery and Transportation	Distribution and Order Management	Packaging and Labeling	Total Distribution Channel Management
Company A	N	N	Y	N	N	N
Company B	Y	Y	Y	Y	Y	Y
Company C	N	N	N	N	N	N
Company D	N	N	Y	Y	N	N
Company E	Y	Y	Y	Y	Y	Y
Company F	N	N	Y	N	N	N
Company G	Y	Y	Y	Y	Y	N
Company H	Y	N	Y	Y	Y	Y

Table M: Logistics activities status of case participant businesses- as stated by all case participants

As per the literature review, the main reasons for outsourcing relate to cost and strategy issues, such as economies of scale, core competence, and flexibility. Logistics and transport

outsourcing in the supply chain increase the outsourcing company's flexibility to deal with different types of changes in the supply chain, Stojanović, Đ. M. & Aas, B. (2015). Successful supply chain management can only be achieved when organizations successfully develop and manage relationships with other organizations in their supply chain, Hofenk et al. (2011). In our case study in which participants from eight different companies given different reasons for engaging in the logistics outsourcing business. As per the table N, (where participants were asked to rate the factors from scale of 'one' to 'six'); we will be able to see how different businesses opts to choose a provider or a client for logistics services for various reasons in their business situation:

Outsourcing Reasons	Company B	Company C	Company D	Company E	Company F	Company G	Company H
Cost reduction	4	1	6	6	5	5	4
Investment flexibility	3	1	6	1	2	3	3
Improved customer service	4	1	6	6	5	2	2
Better market penetration (Access to new market)	3	1	2	4	2	2	2
Access to logistics expertise and IT capability	5	1	6	6	5	1	3
Concentrate on core business	6	1	6	6	6	6	4
To become more competitive	4	1	6	6	3	3	4
Enhanced flexibility	5	1	6	6	3	3	4
Shorten delivery lead time	5	1	6	4	5	1	4
Increase productivity	6	1	6	6	5	2	2
Service accuracy and reliability	4	1	6	6	5	2	2
Better visibility across logistics channels	4	1	6	6	5	2	3

Table N: Ratings of important factors leading to outsourcing- as rated by all case participants (rating high: 6 and low: 1).

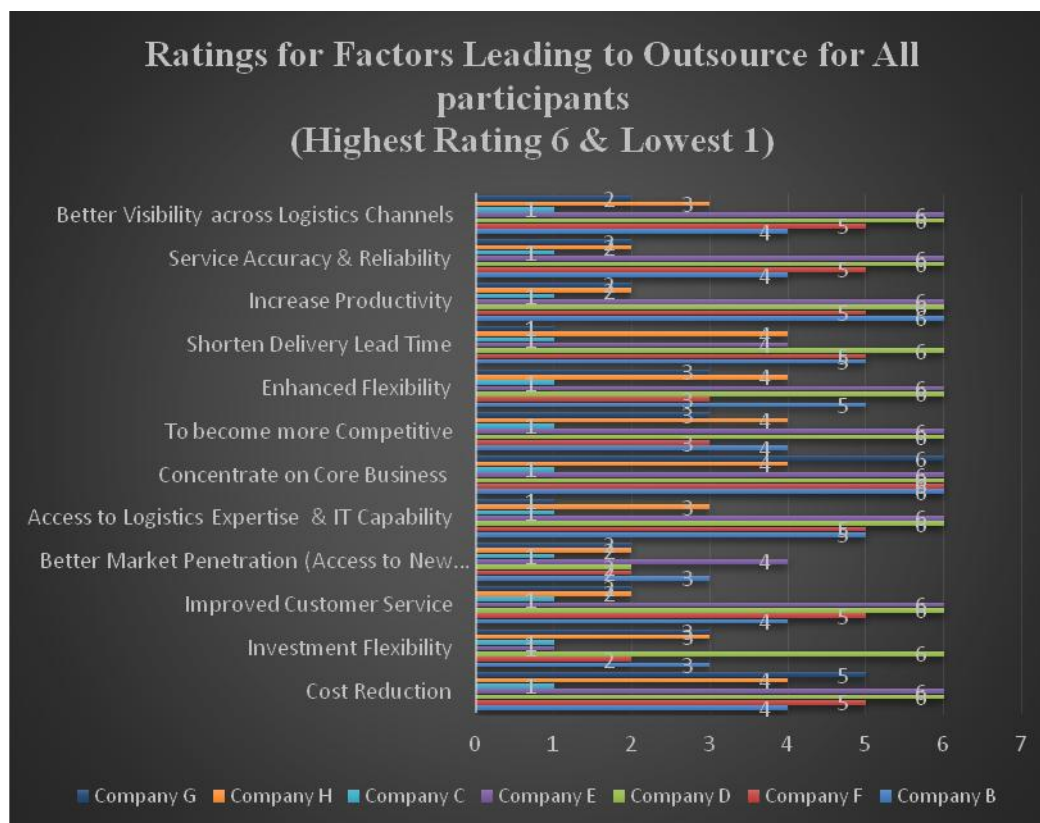


Figure 24: Rating-overview of factors leading to outsourcing decisions- as rated by all case participants.

As per SET (Social Exchange Theory); each relationship has its anticipation level that a party feels deserved regarding social and economic benefits; i.e. the so-called comparison level (Thibaut and Kelley 1959). “In the trucking industry, reduced capacity and an anticipated driver shortage imply that it is going to be all about relationships and carriers having the luxury of choosing whom they do business with (Council of Supply Chain Management Professionals, 2011, p. 12)”. Golicic and Mentzer (2006), highlights the critical role that trust and commitment play in the creation of relationship value, in his study the author provides insight into how managers across firms interact to create trust and cultivate commitment. The critical role of communication in the success of the buyer-supplier relationship also recognized by existing supply chain management research (Logan, 2000; Randall et al. 2011; Sanders et al. 2011). Studies by Child (2015) and Adobor (2006) claims that inter-organizational relationships may benefit from personal relationships in the areas of trust and

information transfer. The study also approves that some of the advantages associated with personal benefits do indeed transfer to a supply-chain context (e.g. trust and communication), and also identifies additional benefits related to such relationships (e.g. enhanced personal and business understanding). There is an assumption that developing relationships with customers lead to long-term customer retention (Daugherty et al. 1997; Davis and Mentzer, 2006). At the firm level, an accurate understanding of the client firm's needs has been recognized as a key enabler of supplier performance (Sanders et al. 2011). In fact, such understanding is critical for the buyer-supplier co-creation of customer value (Whipple and Roh, 2010). Academics from Marketing have stressed for a long time about the importance of a mutual understanding of “organizational and personal factors” as business relationships progress through various cycles (Frazier, 1983, p. 70).

Building a personal relationship with one's business partners are not a new phenomenon, the traditional way of doing business was always based on trust, sincerity, and honesty. The modern business world has just started to give more importance to customer relationship management as a tool to keep up with competition in their industry

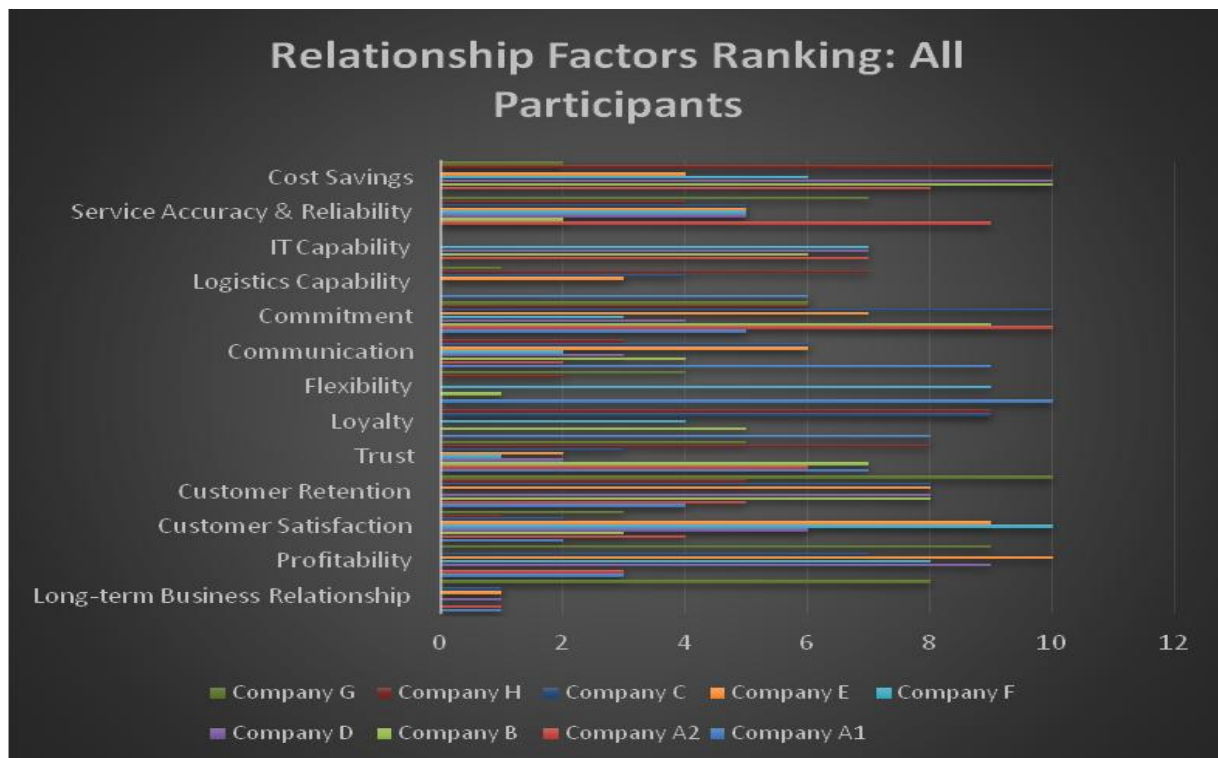


Figure 25: Top ten relationship factors are ranking- as ranked by all case participants.

Earlier researchers have identified trust as an antecedent to partnering behavior in the context of logistics outsourcing relationships (Hofer et al. 2009). The social capital theory argues that actors (individuals, teams, groups) willing to invest in relationships with other players will enjoy positive economic and cognitive returns through their capability to leverage the relationship to gain access to needed resources (Gligor, D. M., & Autry, C. W. 2012 and Lin, 2001). Sharing of benefits and burdens reflects the willingness of a party in an outsourcing relationship to accept short-term hardships with the expectation that the opposite party will do the same, Hofer, A. R (2007). In this way, both firms gain in the end (Gardner, Cooper, and Noordewier 1994). This long-term relationship view makes it possible to shift the focus from a transactional view of the relationship to an investment view (Gronroos 2003). Global businesses especially the service providers in logistics and freight industries would be better

off sticking to their loyal client and make the long-term business relationship work for the success of their business.

Recent research has identified relational assets, such as trust and relationship learning, as key themes in the effective governance of international channel relationships (Griffith, Cavusgil, and Xu 2008; Wu et al. 2007). Relationship learning between small suppliers in their exchanges with international customers plays a crucial role in the control of these relationships (Chang and Gotcher 2007; Subramani and Venkatraman 2003). Relationship learning between exchange partners is critical to a business's competitiveness (e.g. Selnes and Sallis 2003). Scholars have long recognized that cultural, physical, and institutional distances in the international setting pose significant obstacles to effective cross-border relationship learning (Bhagat et al. 2002). As per Qureshi et al. (2007) and Frankel et al. (1996), commitment and trust, communication, top management support, a long-term contract, willingness to be flexible, clear and consistent goals and coordination are the drivers of a successful third party logistics (3PL) relationship. 3PL providers are able to use their long-term relationships with their clients to fend off opportunistic behaviors from their competitors.

In figure 24 and figure 25 of this multi-case study, our participant companies expressed their views on the reasons for 'outsourcing' and most important 'relationship factors' from their business point of view. If we analyze these two figures carefully, we will see that the responses from the case participants are not distinguishable at all. This proves that logistics clients engage in outsourcing activities due to their own exceptional business situation, which may not necessarily go to be the same for other businesses. Again, the same can be said for

the important relationship factors, businesses have different priorities due the uniqueness of their situation, industry and overall goal and future business vision.

6.2 Impact of Trust on Logistics Outsourcing Relationships: Cross-Case Analysis

Trust is defined as the belief in an exchange party's reliability and integrity (Hofer, A. R 2007 and Morgan and Hunt 1994). Trust is a key social variable in explaining inter-business cooperation and long-term relationships (Izquierdo and Cillan 2004). Trust has been linked to higher levels of acquiescence, cooperative behaviors, and to a decrease in decision-making uncertainty (Morgan and Hunt 1994). As a result, trust is an important mechanism for persuasion and for fostering future exchanges (Hewett and Bearden 2001). Likewise, Pruitt (1981) indicates that trust is highly related to a firm's desire to collaborate in the logistics outsourcing context. Also, Knemeyer and Murphy (2004) found a positive relationship between a customer's trust in a 3PL and perceived performance. In our multi-case study 'Trust' has been ranked and rated to be one of the main pillars of relationships between third party logistics service providers and their clients. As per figure 26 below, (when asked to rank top ten relational factors from thirteen different factors) will shade some light on how important role trust plays as a relational factor in shaping up the ongoing business relationships between logistics outsourcing partners:



Figure 26: Ranking for Trust as top ten relational factors as ranked by all case participants.

Relationships are built by cultivating trust, empathy, bonding, and reciprocity between a business and its customers (Tse et al. 2004). Inter-organizational conditions of trust and dependence were found to be key drivers of a client's partnering behavior and correspond to the factors third party logistics (3PL's) must focus on to improve affiliating, Hoefler, Knemeyer, and Dresner (2009). Businesses are under increasing pressure to re-evaluate logistics outsourcing decisions; to remain competitive; many businesses are focusing on their core business and reducing costs by restructuring organizations to become lean and efficient. Simultaneously to meet global competition, businesses are using global marketing strategies that significantly complicate sourcing and distribution operations; with this increasing emphasis on cost reduction, leaner organizations, and global marketing and sourcing strategies, managers are more likely to outsource logistics activities by establishing logistics alliances or partnerships with third parties, Moore, K. R. (1998). These relationships allow firms to transfer financial risk, improve service quality and productivity, and reduce costs, LaLonde, and Maltz, (1992); Lieb, (1992); Bardi and Tracey (1991); Ellram and Cooper (1990); Sheffi (1990); LaLonde and Cooper, (1989). Before the introduction of banking for financial security and warranty systems for manufacturers, businesses in old days relied more on trusting their business partners in good faith to keep their businesses going.

Evidence from recent research also shows that trust between parties plays a crucial role in achieving information integration successfully in a supply chain (Handfield and Bechtel, 2002). Trust and relationship commitment are important constructs in both conceptual and empirical models of various inter-organizational exchange relationships and has been covered by a large number of academics such as : Gundlach, Achrol, and Mentzer (1995), Mentzer and Kahn (1995); Ring and Van de Ven, (1994); Morgan and Hunt, (1994); Ganesan, (1994); Anderson and Narus, (1990); Anderson and Weitz, (1989); Anderson and Weitz, (1992);

Dwyer, Schurr, and Oh, (1987); Frazier, Spekamn, and O'Neal, (1988); Bialaszewski and Giallourakis (1985); Frazier, (1983). According to relational exchange theory, a significant level of trust can be viewed as a relational regulator mechanism that helps put off opportunistic behavior, because trust can operate as a self-enforcing contract that helps lessen the perceived vulnerability between logistics partners (Cavusgil, Deligonul, and Zhang 2004). Trust has the strongest effect on the development of cross-border relationship learning, followed by the supplier's innovativeness orientation and technological uncertainty, Jean, et al. 2010. Trust serves as a key foundation of actual relationship learning between exchange partners (Selnes and Sallis 2003). In the exchange relationship, trust acts as an effective safeguarding mechanism in relationship learning to deter opportunistic behaviors, such as knowledge leakage, (Chang and Gotcher 2007; Wu et al. 2007). Trust in any relationship opens the door for taking the relationship to the next level and in 3PL businesses a mutual trust between service provider and their clients add extra value to the whole business arrangement.

Cross-case discussion: In our multi-party case study, as per figure 26, five out of nine participants have rated 'Trust' between one and five ranking important factor for their logistics outsourcing relationship with their business partners. When asked if 'trust' was a bigger factor in their relationship compared to profitability and financial aspects of the firm. Eight out of nine participants have indicated that trust is more important than the financial side of it and said that a profitable business needs to have a solid relationship base built on trust with their logistics service provider and clients.

Logistics provider's point of view: 3PL providers in this multi-case study have indicated a mix reaction of 'trust' as an important relational factor. As one of them ranked trust as

number one in their top ten relational factor ranking, another provider ranked it to be a second relational factor on their top ten list. While two other 3PL providers also kept trust in their top ten list of relational factors in their relationship with their logistics clients. This response backs up the previous research of the importance of trust as a top relational factor in 3PL logistics outsourcing relationship management.

Logistics client's point of view: Five logistics client businesses participated in this multi-case research also have articulated the importance of trust on their business relationship with their 3PL providers, as two out of five logistics clients have ranked 'trust; to be their second ranked relationship factor on their top ten relationship factors ranking. The other three logistics client in this case study also have ranked trust in their top ten ranking along with another relational factor in their logistics partnership with their 3 PL provider. Their views are in agreement with the findings of the research in this area of relationship management that has ranked trust to be one of the pillars of logistics relationship management.

6.3 Impact of Commitment on Logistics Outsourcing Relationships: Cross-Case Analysis

Commitment has been argued to be vital for successful relationships (Gounaris, 2005; Morgan and Hunt, 1994). Several authors recommended that trust and relationship commitment be essential elements in successful logistics alliances. LaLonde and Cooper indicated that some outsourcing relationships grow over time into alliances as mutual trust develop between a logistics client and third party, (LaLonde and Cooper, op. cit. 1989). D.J. Bowersox (1990) suggested that as an outsourcing relationship matures high levels of commitment and trust builds as both businesses focus on a long-term direction for the firm. Ultimately, a long-term perspective, a lack of a distinct endpoint, and a focus on future dealings rather than current transactions, (Ellram and Cooper, op. cit. 1990), characterizes commitment in a logistics relationship. Trust and commitment in a 3PL arrangement are beneficial for parties involved in the logistics arrangement as in the absence of commitment the uncertainty of future direction might prove detrimental for the businesses.

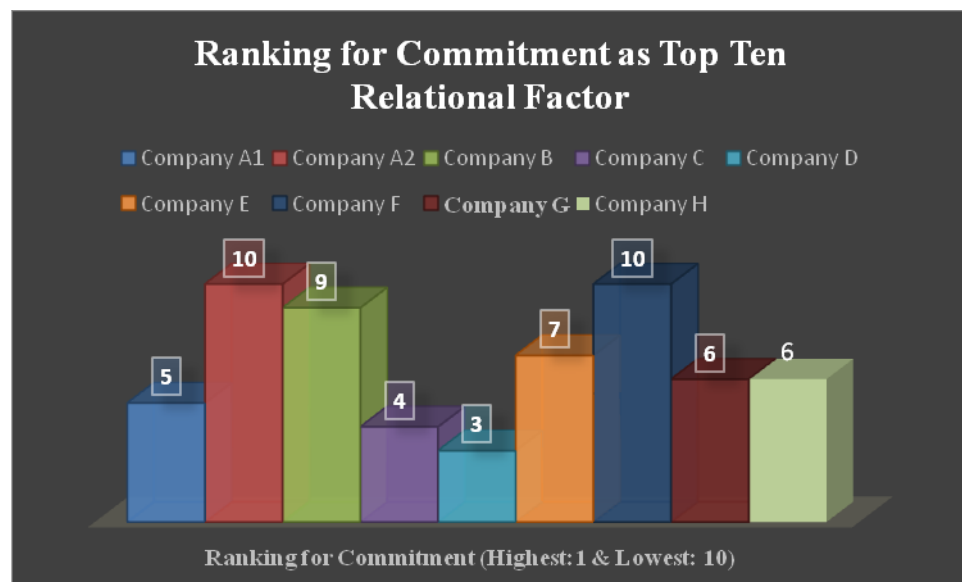


Figure 27: Ranking for Commitment as top ten relational factors as ranked by all case participants.

The atmosphere of cooperation should be one of mutual trust, and the commitment of the parties involved in an alliance ideally involves the sharing of risk and reward in a joint effort to create synergy, (Bowersox et al. 1989). Third party's commitment to a logistics relationship affects a customer's relationship commitment; this suggests that third parties may be able to increase a client's commitment to a logistics arrangement by exhibiting higher levels of relationship commitment, Moore K. R (1998). Relationship commitment positively impacts relationship profitability, but evidence for the reverse effect was not found, as understanding between the parties might be more important in creating relationship commitment, Holm, Eriksson, and Johanson (1996). Commitment to continuity and long-term relationships with the contracting parties is a central concept in relationship marketing; commitment is imitative from interdependence and coordination, which are learned behaviors for both sides in a logistics relationship (Gundlach, Achrol, and Mentzer, 1995; Morgan and Hunt, 1994). Logistics service providers aim for long-term relationships built on trust and commitment (Morgan and Hunt, 1994). Potential benefits from outsourcing to 3PL providers have increased customer satisfaction and access to new markets (Bask, 2001). Long-term relationships characterized by trust and commitment lead to better performance than single, short-term transactional exchange between parties (Min et al. 2005). Commitment has emerged in the literature as a crucial element for effective relationships. Organizational researchers have identified various types of commitment. Of these, affective commitment and calculative commitment appear most frequently and seem to be the most relevant for inter-organizational relationships, Hofenk et al. (2011). Calculative commitment results from a calculation of costs and benefits, including an assessment of the investments made in the relationship and the availability of alternatives to replace the other party (Geyskens et al. 1996). As per Ivens (2005), service provider flexibility on customer commitment, a construct closely related to customer loyalty has a positive effect on market research. A collaborative

relationship leads to greater commitment amongst the client and its logistics service providers, and that collaborative behavior suggests a bilateral emphasis on maintaining a productive exchange (Hartmann, E. & De Grahl, A. 2011, Wong and Karia 2010 and Artz 1999). Commitment in logistics relationships is bound to broaden the scope of the business by the virtue of profitability, contract extension, new resource allocation in older business arrangements and referral for new clients. In the 3PL arrangement, a commitment by both parties opens the door for the long –term business relationship and adds extra value to the entire logistics network.

Cross-case discussion: According to figure 27, participants in this multi-party case have rated commitment to be one of the most important factors in managing relationship between their third party logistics provider and their logistics clients. Three of the nine participants have ranked ‘commitment’ to be their top five relational elements in their business relationship. Commitment has been featured in the discussion of all the case participants and has been defined as one of the major relational quality in the relationship between third-party logistics provider and their logistics clients.

Logistics provider’s point of view: In this multi-case study, the 3PL providers in this multi-case study have indicated a mix reaction of ‘trust’ as an important relational factor. As one of them ranked trust as number one in their top ten relational factor ranking, another provider ranked it to be a second relational factor on their top ten list. While two other 3PL providers also kept trust in their top ten list of relational factors in their relationship with their logistics clients. This response backs up the previous research of the importance of trust as a top relational factor in 3PL logistics outsourcing relationship management.

Logistics client's point of view: Five Logistics clients businesses participated in this multi-case research also have articulated the importance of trust on their business relationship with their 3PL providers, as two out of five logistics clients have ranked 'trust; to be their second ranked relationship factor on their top ten relationship factors ranking. The other three logistics client in this case study also have ranked trust in their top ten ranking along with another relational factor in their logistics partnership with their 3 PL provider. Their views are in agreement with the findings of the research in this area of relationship management that has ranked trust to be one of the pillars of logistics relationship management.

6.4 Impact of Communication on Logistics Outsourcing Relationships: Cross-Case Analysis

Modern research has shown that many leading companies in supply chain management adopt advanced technology to allow customers and providers to share knowledge more easily across organizational boundaries and national borders (Kim, Cavusgil, and Calantone 2006; Myers and Cheung 2008). Earlier literature on relational capital (Griffith and Harvey 2004; Kale, Singh, and Perlmutter 2000) has emphasized that trust-based relational capital expedite communication and the sharing of understood and classified knowledge between business partners. Learning about end-user preferences and technological innovations helps service providers respond better to their customer needs and demands regarding product development and innovation; this enhances customer-provider relationship, in the long run, resulting in better performance (Kim et al. 2006). Recent studies have shown that effective information sharing can facilitate the nature and quality of the exchange relationship Kim, et al. (2005, 2006). For small service providers, joint information sharing and joining teams with their customers to solve problems increase the degree of face-to-face communication and enable them to evaluate their routines and processes with their clients more efficiently and as a result improve customer service and customer satisfaction (Myers and Cheung 2008). Personal interactions between participating partners help build relational ties. Social network theories (Lee, Chen et al. 2008) have indicated that close relational bonding and ties can facilitate information sharing and thus aid the development of innovative behaviors. High-quality communication with the customer (i.e. timely, reliable and relevant communication) should provide the logistics service provider with knowledge of the context and restrictions of the client's situation as well as the customer's expectations and needs, (Hartmann, E. & De Grahl, A. 2011; Flint et al. 2002; Gwinner et al. 2005; Deepen et al. 2008; Joshi 2009,

Morgan and Hunt 1994). Open and transparent communication ability could be perceived as a valuable resource in a 3PL logistics business where the service provider is responsible for fulfilling their customer's requirement in order to keep the customer satisfied and fulfill its contractual obligations.



Figure 28: Ranking of Communication as top ten relational factors as ranked by all case participants.

Myers and Cheung (2008) finds that three types of relationship learning within the global supply chain, each offering distinct benefits to buyers and suppliers: information sharing, joint sensemaking, and knowledge integration. Eisenhardt and Martin (2000) suggested that a business's learning capability also can be viewed as a dynamic capability (Teece et al. 1997). According to Johnsen and Ford (2006), interaction capability refers to complex bundles of resources that are deeply rooted in inter-organizational routines and processes through the joint cooperative efforts of the large customers. They highlight four types of small provider's interaction capabilities: human, technological, managerial systems, and cultural exchanges. Relationship learning can serve as a reliance-balancing strategy that helps safeguard and restructure the relationship with the major customer and create relationship value (Subramani and Venkatraman 2003). Selnes and Sallis (2003) recognized precursors such as

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environmental uncertainty, trust, and commitment as determining the factor of relationship learning. According to Simonin (2004), for organizational and knowledge characteristics, such as a business's learning intention, learning capability, knowledge ambiguity, and tacitness, in the context of international joint ventures is an important tool for interaction. As per Hall (1976), people in a high- context culture (e.g. Japan, China) depend on the communication setting more than those in a low-context culture (e.g. United States, Germany). In a low-context culture, businesses rely more on databases and the Internet to conduct clear communication. Similarly, a high-context culture that stresses human components and personal relationships in communication can help with the trust-building processes (Rosenbloom and Larsen 2003). An effective communication environment can expedite the development of relationship quality in cross-national exchange relationships (Griffith 2003). Modern IT dependency due to the IT revolution has logistics businesses globally have enabled businesses to communicate more than the olden days. Logistics partners these days tend to use identical IT technology or software and at times invest heavily and uses integrated IT systems for the long-term future of the business arrangement.

In social network theories of Lee, Chen, et al. (2008) have indicated that close relational bonding and ties can facilitate information sharing and thus support the development of innovative behaviors. IT-enabled communication represents one potential source of differentiation; In addition to the benefits to customer service, knowing more about providers such as previous performance, expertise, and capabilities; is of value to the business since it helps the firm cooperate effectively with its suppliers, Jin et al. (2014). A company's IT network connects and supports various tasks at different levels within the business, links the business with its providers and supports the relationship between the company and its providers (Bharadwaj, 2000; Closs et al. 2005; Keen, 1991). As per Jin, et al. (2014) and

Fawcett et al. (2011), Field and Meile (2008) having put together on a connected platform, well-integrated IT infrastructure and inter-organizational activities (such as order release, tracking and expediting) support a high level of timely and accurate information exchange with its providers. When shared through the network, information regarding downstream activities, such as product demand, the production process, and distribution, can dramatically reduce the impact of uncertainty for upstream suppliers, Jin, et al. (2014). The revolution of the internet has paved the way for the effective and efficient communication channel between logistics partners.

Cross-case discussion: As per the figure 28 page 168, in our multi-case study of relationship management between third party logistics and their logistics clients, the participants have ranked communication to be one of the major pillars of the successful relationship management. Moreover, the views and opinions expressed by the logistics providers and the logistics clients are bit mixed as per their rating and ranking and their feedback.

Logistics provider's point of view: 3PL providers in this multi-case study have specified a mixed voiced to 'communication' as an important relational factor. As two of the logistics provider has ranked communication as number two ranking factor in their top ten relational factor ranking. At the same time, the remaining two providers have ranked communication as number six and number nine-ranked relational factor on their top ten lists. This response although not unyielding from a rating point of view but backs up the previous research of the importance of communication as a top relational factor in 3PL logistics outsourcing relationship management.

Logistics client's perspective: Five Logistics clients businesses participated in this multi-case research also have voiced the importance of communication in their business relationship with their 3PL providers. Three participants, logistics clients, have ranked communication to be among the top five ranking relationship factors and the only exception is Company G. Company G's NI Warehouse and distribution manager has indicated that it's not a big part of their relationship factor with their logistics supplier and /or clients due to their unique situation where they are in a kind of collaborative logistics management arrangement with their logistics service provider or supplier. Apart from the viewpoint of one case participant; the viewpoint expressed by other logistics client participants are in line with the findings of the research in this area of relationship management that has ranked communication to be one of the pillars of logistics relationship management.

6.5 Impact of Loyalty on Logistics Outsourcing Relationships: Cross-case analysis

Customer loyalty is crucial for logistics service providers when the competition in the logistics industry taken into consideration as several benefits emerge from creating loyal customers, Wallenburg et al. 2010. It is worth mentioning that customer loyalty is anticipated to lead to increased profitability, as it is less expensive to retain the old customers than to search and win new clients and loyal customers tend to be less price sensitive (Hartmann, E. & De Grahl, A. 2011, Kalwani and Narayandas 1995; Daugherty, Stank and Ellinger 1998; Knemeyer and Murphy 2005). The positive effect of flexibility on customer loyalty is empirically supported in the context of industrial relationships between clients and their physical goods suppliers by the work of Hartmann, E. & De Grahl, A. (2011). Loyalty from both parties in a logistics arrangement can work as a competitive weapon to save business arrangement from aggressive competition.



Figure 29: Ranking of Loyalty as top ten relational factors as ranked by all case participants

The 3PL customer's positioning towards building and maintaining lasting relationships has been considered a crucial factor in determining the supply chain role of logistics providers Hofer, A. R. 2007 and Bolumole 2001. Larson and Gammelard (2001) argued that close cooperation between customer and provider might lead to plans to bring a carrier into the collaboration. Hofer, A. R 2007, and Gentry (1996), in their study of a carrier's roles within customer-provider partnerships, supported this rationality by proposing that increasing the involvement of carriers within an existing customer-provider partnership may enhance cost savings and service improvements as all parties work together to improve quality and operational efficiencies. Ellram and Cooper (1990) stated that successful logistics agreements have a long-term orientation that requires trust, loyalty, and a sharing of information, risks, and rewards. Repeat customers are more likely to purchase greater or additional volumes in the future (Daugherty et al. 1998). Loyal customers are also more potential to recommend and refer the logistics service providers to others as word of mouth publicity a good source of new business, Hartmann, E. & De Grahl, A. (2011). Daugherty et al. 1998; Knemeyer and Murphy 2005. Boyson et al.(1999) indicated that referrals are important for companies attempting to identify potential logistics service providers. The benefits of customer loyalty demonstrate that loyalty comprises multiple dimensions, Hartmann, E. & De Grahl, A. (2011). Loyalty like any other relationships brings stability and increases the prospect of long-term business venture and the opportunity of increased profitability in a 3PL service arrangement.

Existing literature most universally links customer loyalty with repeated purchasing from the provider and recommending this provider to other clients (Wallenburg 2009). Purchasing can be divided into retention through repurchases and extension through additional purchases, Hartmann, E. & De Grahl, A. 2011, Homburg et al. 2003; Palmatier et al. 2007. Davis and

Mentzer 2006, define how loyalty can be created between customers and providers. These researchers also suggested that the loyalty in a client-supplier relationship is driven more by relationship factors (i.e. handling problems and communication) than operational factors (i.e. fill rates and on-time delivery). Customer or service provider's loyalty certainly increases the opportunity to add value to the entire logistics network as with the presence of loyalty in a logistics arrangement comes trust, commitment and willingness to collaboration and sharing.

Cross-case analysis: Even after featuring prominently in various logistics outsourcing research and articles, As per figure 29 page 172, in our multi-case study, 'loyalty' has not fared very well as an important relationship factor in relationship management between Logistics Service Provider and their logistics client. Out of nine participants, only five participants have ranked loyalty on their ranking list and of them only one participant has ranked loyalty in their top five ranking list. Four participants did not even rank loyalty at all in their top ten relational factors ranking list.

Logistics provider's point of view: Loyalty being one of the most important relational factors as per relational theories and some researchers did not fare very well as per as top ten ranking for relational factors in this multi-case study. 3PL providers in this multi-case study have indicated a very indifferent opinion to 'loyalty' as an important relational factor. As two of the logistics provider did not even rank loyalty in their top ten relational factor ranking. Moreover, the other two providers also have ranked communication as number four and number eight-ranked relational factor on their top ten list. This response although not exquisite reflections from a rating point of view and also does not reflect the importance it received in the previous research as a top relational factor in 3PL logistics outsourcing relationship management.

Logistics client's point of view: As for the five logistics clients businesses participated in this multi-case research also have somehow expressed their indifference while ranking loyalty as an important relational factor on their business relationship with their 3PL providers. As a result, two out of five logistics clients have done not even rank 'loyalty' in their top ten relationship factors ranking. The other three logistics client in this case study also have ranked loyalty not very highly in their top ten ranking. As one ranked loyalty to be number five and the remaining two businesses ranked it at the bottom of their top ten ranking list as number nine along with other relational factors in their logistics partnership with their 3 PL provider. Also, these logistics clients indicated that loyalty is not as such an important issue on their ongoing business relationship with their logistics outsourcing service provider and/or their logistics clients as most of their operational arrangements are negotiated service contracts.

6.6 Impact of Logistics and IT Capability on Logistics Outsourcing Relationships: Cross-Case Analysis

Supply chain capability is the building block for supply chain strategy and a source of competitive advantage for business success, Morash (2001). The competitive benefit of a business is usually attributed to those businesses' strategies or process capabilities (Porter, 1985). Supply chain capabilities consist of the capability of an organization to detect, use, and assimilate both internal and external properties and facts to facilitate overall supply chain activities (Bharadwaj, 2000). Teece et al. (1997) presented the concept of dynamic capability, which is the ability to integrate, build, and reconfigure internal and external capabilities to flourish in an unpredictable business environment.

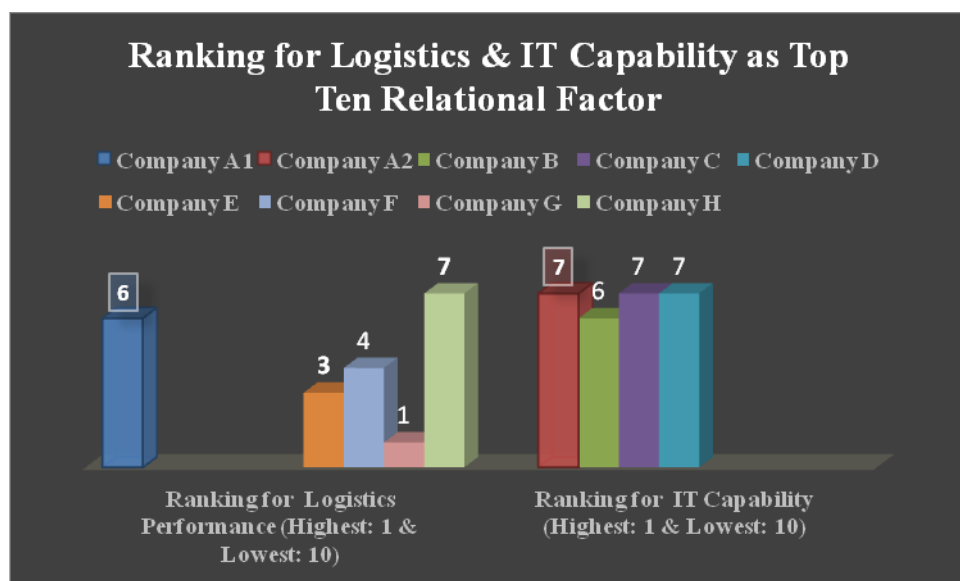


Figure 30: Ranking of Logistics and IT Capability as top ten relational factors as ranked by all case participants.

Modern social capital theory argues that party's (individuals, teams, groups) who are willing to invest in relationships with other party's will enjoy positive economic and cognitive returns through their capability to pull the relationship to increase access to needed resources (Lin 2001) including the building of communication bridges through which valuable

information may pass, Gligor, D. M., & Autry, C. W. 2012; Seibert et al. 2001; Adler and Kwon 2002; Anderson 2008). In Day and Wensley's (1988) framework of competitive advantage, satisfaction reveals a provider's performance, driven by the vendor's skills or capabilities. Innovativeness is among the most critical organizational capabilities linked to any business's success (Hult, Hurley, and Knight 2004). Logistics and IT capability from the service provider would be perceived as a competitive weapon and an essential resource for the logistics client. As the capability of the service provider would certainly enable the client to face off its competitors and give the client the ability to provide better-quality service to its customers.

It can be reasoned that innovative providers can develop greater learning capabilities because of their strategic orientation toward innovation, which can build up a foundation for knowledge transfer and the incorporation of knowledge resources, Jean et al. (2010). Logistics providers are charged with higher value-adding activities and are necessitated to develop specific dynamic capabilities (Shi et al. 2005) to serve their demanding global customers due to the increase in outsourcing and the shift toward a demand-driven global supply chain. Hartmann, E. & De Grahl, A. (2011) and Olavarrieta and Ellinger (1997) recommend that distinctive logistics capabilities have the potential to be an important means of differentiation that can be developed from a business's resources and be used to enhance and maintain competitive advantage, specifically when the capabilities are valuable, scarce and challenging and costly to imitate. A logistics service provider's capability creates potential sources of competitive advantage only if they offer benefits desired by the customer (Bharadwaj et al. 1993). Businesses collaborate to cultivate, sustain and even enrich further capabilities that contribute to improved performance and competitive advantage, Hartmann, E. & De Grahl, A. 2011; Hardy et al. 2003; Min et al. 2005; Yao et al. 2009; Wong and Karia

2010. Grant (1996) viewed organizational capabilities as the consequence of knowledge integration, and Olavarrieta and Ellinger (1997) stated that capabilities are reliant on a business's employees and their knowledge and understanding of the market and customers' requirements and operations. Distinctive capabilities are based on a company's resources and represent the actual drivers of competitive advantage, Hartmann, E. & De Grahl, A. 2011; Bustinza et al. 2010). Logistics businesses worldwide especially the service providers these days are more depended on the innovative technology as the logistics and IT capability is proving to be the difference between profitability and fend off opportunism from the competitors.

The relationship between IT-enabled sharing capability and competitive performance is linked to the presence of flexibilities in a manufacturer's supply chain, Jin et al. (2014). By Resource-Based View (RBV), the way a business exploits its IT infrastructure could vary, thus generating the dynamic organizational capabilities (e.g. IT-enabled sharing capability) that are unique and can create the superior performance over time, Jin et al. 2014 and Fawcett et al. 2011). The special capabilities of a business may also reside in the relationship with its providers (Dyer and Singh, 1998). IT-enabled sharing capability, depending on the way the IT is implemented, on the other hand, can be irreplaceable and difficult to replicate, Jin et al. 2014 and Radhakrishnan et al. 2008. IT-enabled sharing capability also lowers the cost and reduces the time needed for refining and re-engineering the business process (Duncan, 1995). IT-enabled sharing capability makes it easier for the manufacturing businesses to keep an eye on the material flow in its supply chain (Fantazy et al. 2009). Information system capability and advanced information technology infrastructure can be an important tool in improving supply chain management capability (Sahay et al. 2003). Information system capability is emerging as a trivial characteristic of supply chain strategy. The use of information system

dramatically decreases the interface and operation costs and has an impact on procurement, logistics, vendor relationship management, and customer relationship management, Fasanghari et al. 2008. Sirmon et al. (2007) suggested that dynamic capability as complete processes in structuring a business's resources portfolio, bundling resources to create capabilities, and leveraging those capabilities to realize a competitive advantage. RBV (Resource Based View) theorists believe that the heterogeneity of resource portfolios and internal capabilities make a difference to firm competitiveness (Barney 1991; Peteraf 1993). According to Extended Resource Based View (ERBV), a particular IT infrastructure may cultivate sustainable competitive performances by generating a relation-specific capability, which is hard for competitors to replicate, Jin et al. (2014). Businesses set up logistics outsourcing as a strategy to develop their capabilities (Bolumole et al. 2007), which may mediate the strategy–performance relationship (Han et al. 1998). Exporters' strategic orientation towards 3PL providers is positively related to the 3PL providers' capabilities, which, in turn, are positively related to exporters' competitive advantage, Yeung, Kwong et al. (2012). According to Resource Based View (RBV), a business can create competitive advantage by accessing the resources and capabilities of its suppliers, Yeung, Kwong et al. (2012). Bustinza et al. (2010) stressed that a businesses' competitive capabilities have a positive impact on its market share and sales growth. 3PL provider's ability to provide creative solutions and willingness to help are more important than basic capability, Whyte (1993). Access to Innovative IT technology might work as an important competitive tool and decisive asset for logistics service provider. As their unique logistics and IT capability would enable them to market their service in an efficient way and would certainly give them a competitive advantage against their industry competitors.

Cross-case Analysis: Logistics and IT capability being lauded as important factors as far as relationship management and a performance and selection criteria for Logistics Service Master's in Logistics and SCM Thesis by Sunny Kareem Page 183 of 294

Provider. However, according to the figure 30 on page 176, the case participants in this multi-case study have been very clear about their stance as logistics and IT capability being one of the important relational factors for their relationship management issues with their provider and or logistics outsourcing client. For logistics capability; four participants did not even rank it to be their one of top ten ranking factors list, and rest of the participants also did not rank it very highly. Only one logistics outsourcing client mentioned it to be top ranked, and rest of the participants ranked logistics capability on the lowest side of the ranking. For IT capability, nine out of five participants did not even rank it in their top ten ranking list, and the reason given by them is that they already have their own Logistics and IT system in place and with their investment in Management information system software, this factor is not as such important for them.

Logistics provider's point of view: The responses from the logistics service providers group in this multi-case study have been very unambiguous in ranking these two elements, 'logistics capability' and 'IT' capability. The logistics clients more desire These two relational factors as expected as opposed to the logistics providers. As a result, two of the logistics provider did not even rank 'logistics capability' and 'IT' capability in their top ten relational factor ranking. At the same time, the two providers have ranked 'logistics capability' and 'IT' capability very indifferently. These lukewarm responses are very much out of the ordinary and does not backs up the previous research of the importance of 'logistics capability' and 'IT' capability as a top relational factor in 3PL logistics outsourcing relationship management. However, as expressed earlier, these factors are rather important as a logistics client than a logistics service provider.

Logistics client's point of view: 'logistics capability' and 'IT' capability are the most spoken capabilities in logistics business world and the recent research also have backed this claim according to our literature review. However, five logistics clients businesses participated in this multi-case research have ranked these important relational indiscriminately. Only one logistics client business has ranked 'logistics capability' to be their number one ranked relational factor. The other two logistics client businesses ranked 'logistics capability' as number four, and number seven ranked relational factors for them while the other two businesses did not even rank 'logistics capability' in their top ten ranking list at all. As for 'IT' capability, three logistics clients did not even rank this factor in their top ten relationship factors ranking list, while the other two logistics clients also ranked them very loosely to be their number six and number seven ranked relational factor in their top ten relationships ranking list. These distant views from the participating logistics client businesses in this multi-case study are not at all in line with the findings of the recent research. Moreover, also with the conclusion of our literature review in this area of relationship management that has ranked 'logistics capability' and 'IT' capability to be among the top of the list in the relational factors in logistics relationship management.

6.7 Impact of Flexibility on Logistics Outsourcing Relationships: Cross-Case Analysis

Flexibility is a blend of physical features, operating procedures, and managerial practices, Han et al. (2014). Flexibility is defined as a consensual expectation of readiness of parties involved in logistics outsourcing arrangements to make variations as conditions demand (Heide and John 1992). Logistics flexibility reflects the capabilities of the business's procurement system to accommodate various inward and outward service requests precisely, swiftly, and proficiently (Prater et al. 2001). Hartmann, E. & De Grahl, A. 2011); Bowersox et al. (1989) finds in their studies on leading-edge logistics practices that businesses which use services of third party logistics to increase their competitive advantage emphasis on high levels of flexibility to respond to customers' changing needs and to accommodate special or non-routine requests. Various related studies have examined the importance of flexibility in business relationships. Flexibility has also been defined and empirically assessed as a logistics capability of business, Hartmann, E. & De Grahl, A. (2011). Flexibility is a much-desired asset and perceived as a competitive weapon for a 3PL customer, as the more flexible the service provider is the better is the chance of getting above-average customer service.

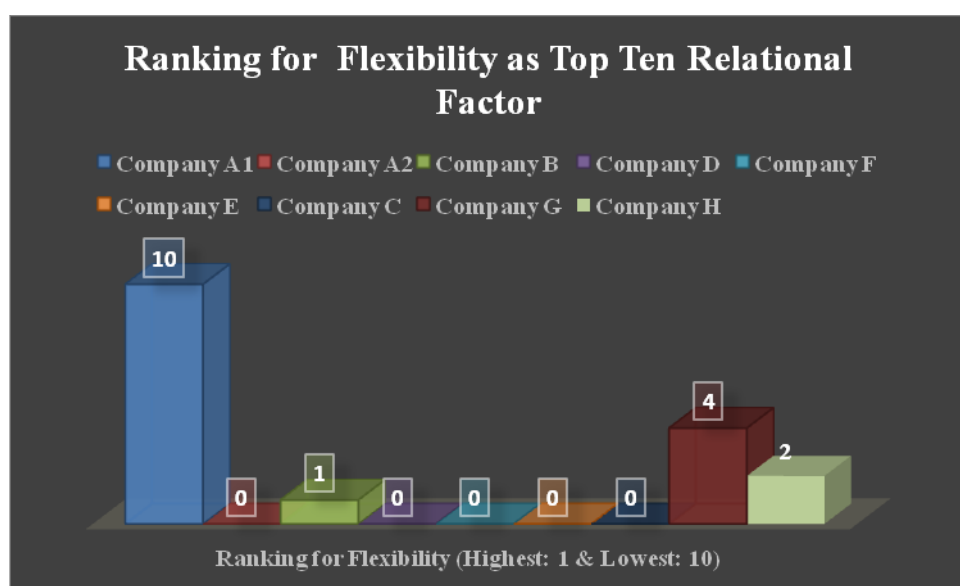


Figure 31: Ranking for Flexibility as important relationship factors as ranked by all case participants.

Flexibility as an all-purpose capability of the logistics of a business and analyzes its precursors and its influence on different characteristics of business performance, Hartmann and Grahl (2011). Flexibility is significant in the industrial markets as well because the customers and suppliers are not able to anticipate all possible changes in environmental factors, adaptations of the contract during the fulfillment phase of the contract are necessary, Han et al.(2014). Flexibility has its influence on dynamic variables which is considered critical in the marketing literature, such as satisfaction, trust, and commitment (Ivens, 2005), strategic buyer integration (Johnson, 1999), and transaction costs (Cannon and Homburg, 2001; Kim et al.2012). A lack of flexibility on the part of one party increases the risk that the relationship loses its value for the other party as well. Consequently, parties involved in an arrangement might opt to shift to a more useful substitute, Han et al. (2014). Success and effectiveness of logistics relationships between the logistics partners would be determined by the level of flexibility shown by the service provider.

Few other articles have identified precursors of flexibility, for example, the suppliers' power position (Heide, 1994), long-term orientation (Johnson, 1999) or market uncertainty, specific investments, and mutuality (Ivens, 2005). Flexibility can be projected to have a favorable impact on customer commitment because of the prospect of adopting the fundamental terms of an agreement to the future without smoothness reduces the stress to pursuit the market for substitute supply sources, Han et al. (2014). Lieb and Butner (2007) revealed that logistics service providers regard flexibility as a factor that differentiates them from their competitors. Flexibility can be considered as a potential enabler for competitive advantage in a logistics-based strategy (Fawcett et al.1996). Development of flexibility as a potential driver of competitive benefit has created a prerequisite to increasing a better understanding of both the matters that lead to the improvement of capabilities to be flexible and the consequences of

flexibility (Fawcett et al. 1996). Supply chain relationship views flexibility as a negotiating element or capability of one side of the relationship. All empirical studies in this field share two commonalities, Hartmann, and Grahl (2011). The level of flexibility offered by a logistics provider can easily be perceived as a tool for financial growth and relationship-building weapon as it leads to higher level of customer service and supplementary customer satisfaction.

A firm's information-focused capabilities have a positive impact on its customer-focused capabilities (including flexibility), Zhao et al. (2001). Supplier flexibility has a positive impact on customer loyalty (customer retention and extension), Homburg et al. (2003). The greater the flexibility of the supplier, the greater the perceived additional benefits and the lower the acquisition and procedures costs of the customer, Menon et al. (2005). Manufacturer reliance has a positive impact on the use of norms-based governance (trust, commitment, and flexibility); validation is detrimental to norms-based governance; socialization affects norms-based governance, Gencturk, and Aulakh (2007). For a service provider, remaining flexible in a customer relationship can be difficult because providing the resources required for high levels of flexibility is a multifaceted and exorbitant task and there is the risk of over servicing the client, Hartmann, E. & De Grahl, A. 2011 and Ivens 2005. Flexibility as a feature of the logistics system of logistics service provider which should be challenging and costly to imitate for its business competitors particularly was considering flexibility as a characteristic of the logistics service provider in a specific customer relationship, Hartmann, E. & De Grahl, A. (2011). Several studies reported a positive relationship between flexibility as a logistics capability of business and business performance, indicating the role of flexibility as a source of competitive advantage (Fawcett et al. 1996; Zhao et al. 2001). Several customer surveys show that increased flexibility is one

of the main reasons for businesses to be interested in logistics outsourcing and the flexibility of the logistics service provider especially in today's unpredictable business environment is a key factor that adds to a successful relationship for their logistics client, Hartmann, E. & De Grahl, A. 2011; Daugherty et al. 1996; Sink et al.1996; Van Laarhoven et al. 2000; Langley C.J. 2009. Logistics customer values the flexibility of its logistics service provider and uses logistics outsourcing among others to profit from this competency (Lavie 2006). A client can benefit from logistics service provider's flexibility, if in cases of unexpected spikes in demand; a flexible transportation service of the logistics service provider reduces the level of inventory the customer has to carry (Cannon and Homburg 2001). From a logistics service provider point of view, flexibility is a resource, a strategic weapon and a competitive strength for keeping customers loyal and happy and at the same time face off competitive challenges from other service providers.

Logistics service provider's flexibility is beneficial for the client as it makes the provider enthusiastic and proficient to ably respond to the customer's changing needs and that in turn lowers the client costs associated with recognizing and acquiring additional qualified logistics service providers, Hartmann, E. & De Grahl, A. 2011; Homburg et al. 2003. The flexibility of a logistics service provider in a specific customer relationship (i.e. Its willingness and capability to flexibly respond to the client's changing needs) regarded as a unique and prized capability of the logistics service provider and thus reflected as a source of competitive advantage, Hartmann, and Grahl (2011). Businesses work in close collaboration together to improve flexibility (Brewer and Speh 2000; Wong and Karia 2010) and that effective collaboration supports flexibility (Sabath and Fontanella 2002; Langley C.J. 2007).

Bowersox et al. (1989) added that on leading-edge logistics practices that recognize information accessibility as a key resource in the development of flexibility competence. Amit and Schoemaker (1993) elaborates that capabilities are based on the information. Closs et al. (1997) indicated that information is a resource to be employed for decision making that consequently heightens logistics flexibility. Concerning the RBV (Resource Based View), flexibility gives the impression to meet all conditions prerequisite for being considered a source of competitive advantage for logistics service providers, Hartmann and Grahl (2011). Customers contemplate and appreciate the benefits from high levels of flexibility when deciding about renewing or expanding their logistics activities, Hartmann, and Grahl (2011). IT-enabled sharing capability is directly associated with the flexibilities in a manufacturer's supply chain, including components such as product development flexibility, production flexibility, logistics flexibility, suppliers' flexibility, and supply base flexibility, Jin et al. (2014). Supply chain flexibilities are openly associated with the formation of competitive performances (Gosling et al. 2010). Flexibility is large increasingly to accommodating uncertainty in the business environment (Jin et al. 2014, Koste and Malhotra, 1999; Narasimhan et al. 2004). In manufacturing businesses, flexibility and a dynamic supply chain are indispensable successfully to sustain the business's competitive positions and long-term profitability (Stevenson and Spring 2007). Fulfilling customer requirement is one of the fundamental characteristics of logistics management; a logistics service provider will certainly ensure customer loyalty, trust, and commitment and increase the prospect of profitability by offering additional flexibility to cater its clients' needs.

A manufacturing company's flexibility is their ability to modify its product development, logistics, and production procedures efficiently and more, so it can adjust to changes in the environments, in specific changes in final customer demand (Narasimhan et al. 2004).

Flexibilities in product development and production represent the capabilities of a manufacturer's organization concerning new goods and production procedures (Jin et al. 2014; Koste and Malhotra, 1999; Zhang et al. 2003). Product development, logistics, and production are highly interconnected utilities within the business (Prater et al. 2001). With the growing pressure on supply chains to respond quickly and efficiently, the flexibility of each supply chain member, such as suppliers' flexibility, rather than the manufacturer's flexibility alone is significant (Jin et al. 2014; Lau, 1999; Swafford et al. 2006). Service providers flexibility is the ability of providers to modify efficiently and effectively their processes to cope with a manufacturer's requests for apparatuses needed to meet the last customers' demands (Das and Abdel- Malek, 2003; Pujawan, 2004). Flexibility has positive impacts on a manufacturer's product development, production, logistics, and other capabilities (Lau, 1999). Supply base flexibility is a business's capacity to amend its buyer–supplier connection without great consequences (cost, time, and effort), (Gosain et al. 2004; Lummus et al. 2003). Keeping customer satisfied at any cost is the main essence of flexibility and a happy customer is able to bring stability, extra resource and longevity to the business arrangement in a 3PL business.

Supply base flexibility exists in the association between the manufacturing business and provider's, not within these firms, as is the case with both a manufacturing company's flexibility and vendors' flexibility. Flexibility is imperative because supply chain performance hinges on the fulfillment of each supply chain member and the effectiveness of the relations among the members, Jin et al. (2014). Suppliers' flexibility and supply base flexibility was associated with each other and was associated with the business's flexibility. These two types of flexibilities are an asset unique to the manufacturing industry, which both enhances significance to the provider–manufacturer relationship (Dyer and Singh, 1998) and is

improperly imitable and imperfectly appropriate as well as sporadic (Lavie, 2006). The businesses supply chain flexibility influences the business's competitive advantage and ultimately the company's competitive performance, Jin et al. (2014). The 3PL providers can offer both economies of scale and flexibility (Berglund et al. 1999; Lambert et al. 1999; Teece et al. 1997). The 3PL users indicate that partnership can create a definite long-term competitive advantage if the 3PL provider can provide: (1) flexibility, (2) on-time delivery, and unloading, and (3) lower per unit cost of delivery, Lambert et al. (1999). Flexibility is a unique logistics capability in a 3PL arrangement and this ability of the provider gives extra confidence to the logistics client to secure more business and use this strength as a significant strategic and operational tool.

Cross-Case Discussion: Flexibility, been rated highly by researchers and academics worldwide, has not fared very well as an important relational factor by participants in this multi-case study. As per figure 31 page 182, Five out of nine participants did not even rate and rank it to be in their top ten ranking list and the other four case participants ranked it in a very neutral manner as one participant ranked it to be top rank and another ranked at the bottom of the list as such.

Logistics provider's point of view: 3PL providers in this multi-case study have been very indifferent in ranking 'flexibility' as an important relational factor for their business relationship with their logistics clients. As three out of the four logistics providers has not ranked flexibility in their top ten relational factor ranking. Moreover, the other provider just ranked flexibility at the bottom of their top ten ranking list (as number ten). One participant responded for not ranking it in their top ten lists of relational factors that flexibility comes at a cost, and it puts a serious strain on relationships in general at times. This response is not

solid from a rating point of view and does not back up the previous research of the importance of flexibility as a top relational factor in 3PL logistics outsourcing relationship management.

Logistics client's point of view: Five Logistics clients businesses participated in this multi-case research also have voiced a mixed opinion on the importance of flexibility in their business relationship with their 3PL providers. As a result, two out of five logistics client participants did not even have ranked 'flexibility' in their top ten ranking list of important relational factors for their business. While among the other three one participant has rated it as their number one ranked relational factor, another participant ranked 'flexibility' second in their top ten list of ranking and the last participant ranked 'flexibility' to be their number four ranking relational factor for their top ten business relationship. These views from the participants from the logistics clients group are still above average compared to the views expressed by the logistics providers' group views and are in agreement with the findings of the research in this area of relationship management that has ranked flexibility to be one of the mainstays of logistics relationship management.

6.8 Impact of Customer Satisfaction on Logistics Outsourcing Relationships: Cross-Case Discussions:

Customer satisfaction is client's general approach towards the service provider, or a strong reaction to the variance between anticipations and opinions, due to fulfilling some necessities, objectives, or requirements (Hasenmark, 2004). In exchange relationships, businesses employ the relationship history to expect the costs and benefits of ongoing and developing the relationship (Lambe et al. 2001). CRM (Customer Relationship Management) is a term defined to label the client relations method and dealing actions executed to make a continuous and operational relationship with the customer. The CRM (Customer Relationship Management) rationality is to administer and accomplish all customer service delivery process, Rostami et al. (2014). Customers are more content with the business partners who prompt their positive experiences to others and promote the business; thus reducing the cost of attracting new customers. The goodwill and business reputation is a key information source for new clients, and it is paramount in particular for professional services providers, (Venus, 2004). A relationship positioning must infiltrate the mindset, values, and norms of the business to sustain relationships with valuable customers, (Day 2000). The customer-provider relationship must be at the heart of the firm's strategic or operational rational (Sin et al. 2005; Tse et al. 2004). A happy and satisfied customer is sure to add more value to the whole logistics channel as the level of customer satisfaction would be a true reflection of the overall channel performance.



Figure 32: Ranking for Customer Satisfaction as important relationship factors as ranked by all case participants.

All the definitions that are available or knowledgeable to us on customer satisfaction direct to on one common thing and that is the element the client assesses the goods and services after their purchase that leads to a feeling of satisfaction. Overall customer satisfaction is the outcome of all the relationships that a business has to deal with every client they complete a business transaction with, and this does not only apply to goods but also the services provided by the service providers are also evaluated. Customer satisfaction is customer's general attitude towards their service provider, or a strong reaction to the dissimilarity between anticipations and observations, due to satisfying some needs, goals or desires (Hasenmark, 2004). Evidence from recent research also suggests that discovering the needs and demands of customers and meet these requirements and requirements before the competitors is a basic condition for the success of businesses in today's competitive world, (Chakraborty et al. 2007). Three factors: 'namely positive word of mouth advertising by clients', 'projections of the brand image created in the mind of the customer', and 'the customer relationship', enhance Customer satisfaction for businesses, Noyan, and Simsek, 2011. The increase in client base depends on a factor alone, and researchers and academics label this as customer

satisfaction. Therefore, satisfying one's customers must be considered a top priority. Satisfying customers are dependent on making good relationships with clients by providing excellent services based on marketing relationship. Customer satisfaction level is a good indicator for a 3PL service provider as a satisfied customer is sure to bring in more business and commit to a long-term business relationship. Therefore giving the logistics provider better prospect for a long-term and profitable business venture that might also bring the economies of scale factor for the business in the long-run.

The business relationship with one's customers is effective and has a positive direction; the provider will achieve their goal and targeted purpose of increasing the number of customer base and thus broadening their business horizon, Rostami et al. (2014). Peelen et al. (2009, p. 467) observed in their study into the foundations of Customer Relationship Management (CRM) success, strategies should answer: 'How do we increase customer satisfaction and loyalty, but also improve our efficiency? Any understanding of service must include satisfaction. According to Zeithaml et al.1996, satisfaction is the most significant contributing factor of buying behavior on services together with quality. Definitions of satisfaction remain contested and heterogeneous (Dano et al.2006). From a process-based, comparative perspective customer satisfaction is "a function of the discrepancy between a consumer's prior expectations and his or her perception regarding the purchase experience" (Iacobucci, Ostrom, and Grayson, 1995, p. 278 and Alhemoud, A. M. 2010. "Profit and growth are stimulated primarily by the client loyalty. Loyalty is a direct result of customer satisfaction. Satisfaction is largely influenced by the value of services provided to customers" (Heskett et al. 1994, p. 164). Projected benefits from outsourcing to 3PL providers have increased customer satisfaction and access to new markets (Bask, 2001). A successful logistics outsourcing relationship can lead to good results, such as satisfied client's base and save on

logistics costs for the clients, among others, Chu and Wang (2012). Inter-business relationship is bound to flourish with the presence of a high level of customer satisfaction. A happy customer could end up being a source of new businesses, an important business asset like goodwill and save the business future against opportunism.

Cross-Case Discussion: Customer satisfaction being rated highly by scholars and researchers and by academics to be a crucial relational factor for a successful relationship between logistics outsourcing service provider and their logistics clients. According to figure 32 at page 191 in this research, participants in this multi-case study research have rated and ranked ‘customer satisfaction’ to be a valuable tool and factor for their business. Six out of nine participants have ranked it to be in their top five ranking list and indicated that customer satisfaction plays a vital role in their market share, competitiveness, a performance indicator, and operational Excellencies.

Logistics provider’s point of view: Majority of the 3PL providers in this multi-case study although have rated ‘customer satisfaction’ in their top ten ranking list for relational factors. However, the participants have somehow managed to channel a mixed voice to ‘customer satisfaction’ as an important relational factor. As two of the logistics provider has ranked communication as number two and number four ranking factor in their top ten relational factor ranking. At the same time, the remaining two providers have ranked ‘customer satisfaction’ right at the bottom of their top ten list as number nine and number ten. If we analyze these views by these logistics provider group might look average, but this response although not very strong from ranking point of view but backs up the previous research on the importance of ‘customer satisfaction’ as one of the top relational factor in 3PL logistics outsourcing relationship management.

Logistics client's point of view: Five Logistics clients businesses participated in this multi-case research also have articulated their views on the importance of 'customer satisfaction' on their business relationship with their 3PL providers. As four out of the five logistics, clients have ranked 'customer satisfaction' on their top five ranking relationship factor on their top ten relationship factors ranking. The other logistics client in this case study also has ranked 'customer satisfaction' as their number six ranking relational factor in their top ten list of ranking. These views expressed by the logistics client's participants in this multi-case study are in agreement with the findings of the research in this area of relationship management that has ranked 'customer satisfaction' to be one of the important relational factors of logistics relationship management.

6.9 Impact of Collaboration (described as Long-Term Business Relationship in this research) on Logistics Outsourcing Relationships: Cross-case discussions

Collaboration refers to a relationship where the partners in a business relationship work closely together to create mutually beneficial outcomes for the mutual benefits of all partners involved in a business relationship. Consequently, the capability of collaboration incorporates aspects like synchronization and conjoining operating procedures and actions between firms involved in logistics relationships (Sinkovics and Roath 2004). Collaboration being a fundamental process that leads to value creation prospects in supply chain channel management (Fu and Piplani, 2004). Collaborative supply chains can distribute excellent-quality product and services on time for its clients, Simatupang, and Sridharan (2002). Wong and Karia (2010) stated that a collaborative relationship itself could act as a key success factor for a logistics service provider to cater the demand for its clients. RBV (Resource Based View), stressed that in a supply chain relationship between a service provider and its logistics clients, collaboration acts as a fundamental competency and simultaneously as a significant precursor of additional skills, Hartmann, E. & De Grahl, A. 2011; Sinkovics and Roath 2004; Min et al. 2005; Wong and Karia 2010. Studies conducted by Min et al. 2005 and Wong and Karia 2010, stressed Collaboration, as the motivating factor behind operational supply chain management and as a result, is considered it crucial and fundamental capability in a supply chain relationship. Collaborative business measures are considered significant to the establishment of capabilities, by working closely and collaboratively, business partners can cultivate and expand significant competencies; i.e. on time delivery or reliability (Wong and Karia 2010). A collaborative client is the biggest blessing a logistics provider can hope for as the willingness of collaboration from logistics client is an indication of the preexistence of trust, loyalty, and commitment in that business relationship.

As per Resource Based View (RBV), collaboration also assumes the part of a precursor of additional valued capabilities in a supply chain relationship (Min et al. 2005; Wong and Karia 2010). A collaborative relationship leads to greater commitment amongst the logistics client and its logistics service provider, and this type of collaborative behaviors suggest a mutual benefiting emphasis on maintaining a productive exchange of mutual benefits among logistics partners (Artz 1999; Wong and Karia 2010). According to supply chain and logistics management practices, close collaboration between logistics business partners has a positive impact on provider's flexibility, Liao et al. (2010). Homburg et al. (2003), argues by the virtue of collaborative efforts customers and their provider's pave the way for a fruitful business partnership between the businesses and help strengthen the business relationship that links the two partners together. Collaboration between logistics service provider and the client is a sign of long-term business prospect, profitability, commitment and abundance or resource.

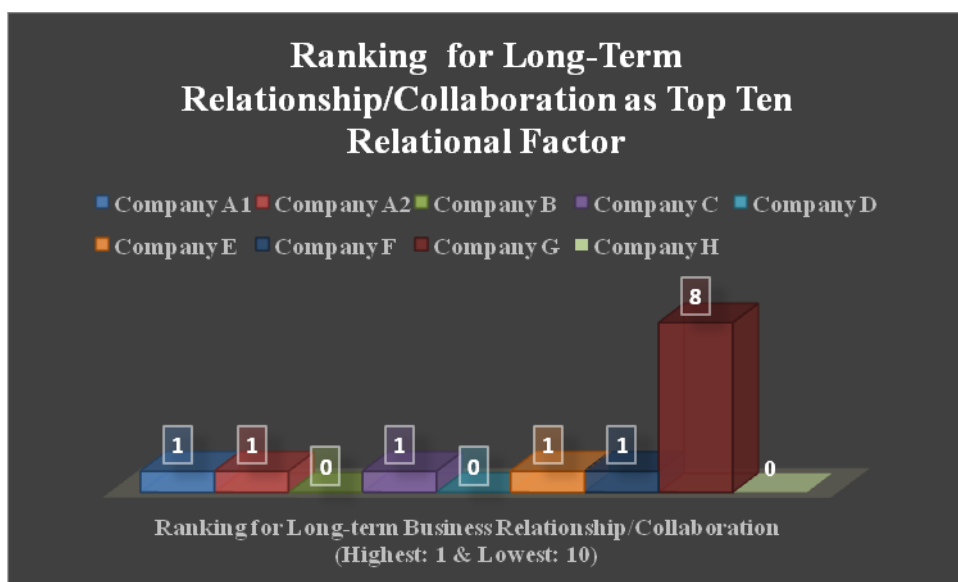


Figure 33: Ranking for Long-Term Business Relationship (Collaboration) as important relationship factors as ranked by all case participants.

According to the RBV (Resource Based View), supply chain partner understands its place as a valuable knowledge base resource, bound to have a positive impact on collaboration as a Master's in Logistics and SCM Thesis by Sunny Kareem Page 200 of 294

proficiency in the specific customer–logistics service provider relationship, Hartmann, and Grahl (2011). Zacharia et al. (2009) indicate that extraordinary intensities of supply chain partner comprehension expedites the identification of collaboration prospects and empirically shows that there is a positive co-relation between supply chain partner insight and collaboration. Supply chain collaboration is a cooperative progression that depends on shared interfaces and relationships between a business and its external environment, including suppliers, customers, training bodies, and government agencies, Lia and Kuo (2014). A collaborative logistics environment is a breeding ground of long-term business relationship, knowledge sharing, innovative business strategy and effective and efficient operational capability.

Cross-Case Discussion: the case participants in this multi-case study have spoken long-term business relationship (collaboration) highly, which is in-sync with the modern researchers, academics, and logistics experts. However, as per figure 33, this highly rated relational factor has been ranked in a mixed manner by the participants. Five out of nine participants has ranked this relational factor to be their top ranked in their list of top ten ranking factors, and three of the nine participants have not even ranked this important relational factor in their top ten ranking.

Logistics provider's point of view: While expressing their opinion on ‘long-term relationship or collaboration’, 3PL providers in this multi-case study have sent a mixed message ranking ‘long-term relationship or collaboration’ as an important relational factor. As three out of four of them has ranked it to be their top ranking relational factor while the other provider did not even rank ‘long-term relationship or collaboration’ in their top ten ranking list for relational factors. However, the views expressed by the providers indicate that logistics provider in majority expects to have a long lasting and collaborative relationship

with their logistics clients. This response up the previous research and the finding of our literature review of the importance of ‘long-term relationship or collaboration’ as a top relational factor in 3PL logistics outsourcing relationship management.

Logistics client’s point of view: From a customer perspective it has been indicated that the longer the relationship with their provider the more smooth the running of the day to activities become and trust, commitment, and communication becomes easier and ensures better customer satisfaction and help increases the overall profitability. As a result Five, Logistics clients businesses participated in this multi-case research also have articulated the importance of ‘long-term relationship or collaboration’ on their business relationship with their 3PL providers. Two out of five logistics clients have ranked ‘long-term relationship or collaboration’ to be their number one ranked relationship factor in their top ten relationship factors ranking. Two of them did not even rank it in their top ten ranking list at all, and the last participant has ranked ‘long-term relationship or collaboration’ to be their number eight ranking relational factor in their top ten ranking along with another relational factor in their logistics partnership with their 3PL providers. Their views are in agreement with the findings of the research in this area of relationship management and our literature review that has ranked ‘long-term relationship or collaboration’ to be one of the pillars of logistics relationship management.

6.10 Impact of Customer Retention on Logistics Outsourcing Relationships: Cross-case discussion

Customer retention is by, and large acknowledged being the financially profitable option than trying to acquire a new customer for one's business. There is a common rule of thumb that it costs five times as more to procure a new customer compared to retain an existing customer, Reinwald, D. (2009). Customer retention has been proved a lot less expensive than new customer acquisition. However, according to the researchers, the focus must be on the voluntary retention of clients because without the retention of customers businesses have no other alternatives that help to foster long-term relationships. While the contract renewal rate of the 25 major 3PL providers currently approaches 90'percentage, the pay- off for customer retention would seem to justify continuing efforts to build strong relationships (Barnes 2001). Retention involves keeping customers by meeting and exceeding their needs. As per the studies of Boles, et al. (2000), the link between 3PL provider-customer relationships and customer retention has the backing of academic and empirical studies. There is an assumption among businesses that developing relationships with clients leads to long-term customer retention (Daugherty et al. 1997; Davis and Mentzer, 2006). Logistics outsourcing is a very competitive industry worldwide and poaching one another customer is a reality in the logistics business. In today's competitive business the 3PL providers are financially better off retaining their old loyal clients as the replacement cost of old clients might prove less fitting for their business.

Therefore, to retain their customers, the service providing businesses need to provide the level of customer service at the expected level by the client and build a relationship with the customer to have a better understanding of the needs and demands of the client beyond their contractual obligations. Research has shown that the effectiveness with which online retailers

fulfill orders is a significant determinant of customer satisfaction and retention, Rao et al. 2011 and Lee and Whang 2001. Purchasing can be divided into retention through repurchases and extension through additional purchases, Hartmann, E. & De Grahl, A. 2011; Homburg et al. 2003; Palmatier et al. 2007. The relational performance focuses on those activities that enrich service provider closeness to customers so that businesses can understand customer needs and expectations and develop processes to fulfill them (Stank et al. 1999). Several studies have concluded that relational performances of logistics service providers and their logistics clients have significant and active links to customer satisfaction and repurchase intentions (Innis and LaLonde 1994; Daugherty et al. 1998; Davis-Sramek et al. 2008). Studies have revealed that purchase satisfaction and customer retention are strongly related to each other. Research linking satisfaction with actual retention has been hard to come by, (Rao, et. al 2011). Customer retention for logistics providers are a sure way of continued business and prospective future as along with this comes economies of scale and opportunity to operate efficiently without allocating further resources.

The shift from traditional outsourcing to intelligent outsourcing has become a competitive necessity for everyone involved in business relationships as innovative logistics service providers can be benefitted from taking the first step towards building a long-term business relationship by, increasing customer satisfaction and thus increasing customer retention, and capture larger shares of the market, Bajec and Jakomin 2011. Barnes (2001), Boles et al. (1997), suggests a set of outcomes for a successful business relationship: customer retention; customer referrals; service recovery of relationship marketing activities. Findings from recent research suggest that with the increases in the longevity of the business relationship, satisfaction with prior transactions, and fruitful communication between a third party logistics provider (3PL) and its customer all serve to strengthen customer retention, Kneymer et al. (2003). A logistics providers business might be benefitted tremendously by their superior

customer retention rate as long and old customers are a source of a loyal, trustworthy and committed business partners who are important for the profitability and existence of the providers business by offering a long-term business.

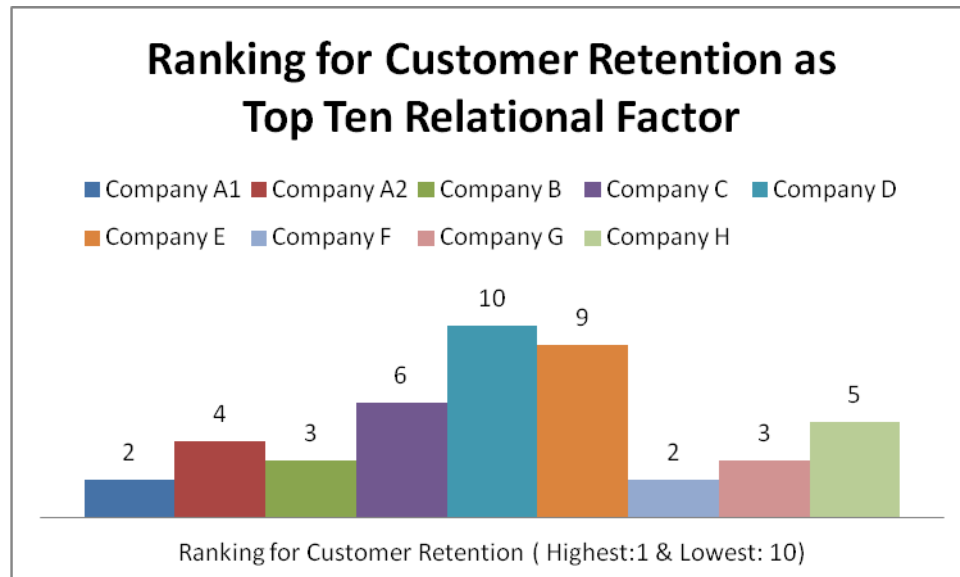


Figure 34: Ranking for Customer Retention as important relationship factors as ranked by all case participants.

Cross-Case Discussion: As per figure 34, apart from one all other participants in this multi-case study has rated and ranked customer retention to be one of the important relational factors in their logistics outsourcing relationship with their business partners. Researcher and academics have spoken out for client retention by building a robust and vigorous relationship with logistics partner based on trust, loyalty, commitment, communication, and customer satisfaction. Our participants also agree with the scholars and academics on the cost of switching logistics service provider and the cost of losing a long-term customer.

Logistics provider's point of view: The case participants from the 3PL providers group in this multi-case study have expressed a somewhat mixed opinion while ranking 'customer retention' as an important relational factor. As two of the logistics provider has ranked 'customer retention' as number four and fifth ranking factor in their top ten relational factor ranking. At the same time from the remaining two providers, one has ranked 'customer

retention’ as number eight in their top ten list and the other participant provider did not even rank ‘customer retention’ in their top ten list of an important relational factor. This response although not very convincing but still supports the previous research and our finding from a literature review of the importance of ‘customer retention’ as a top relational factor in 3PL logistics outsourcing relationship management.

Logistics client’s point of view: Five Logistics clients businesses participated in this multi-case research have expressed the importance of ‘customer retention’ on their business relationship with their 3PL providers by ranking it on their top ten list of relational factors. Their views are in agreement with the findings of the research in this area of relationship management that has ranked ‘customer retention’ to be one of the important pillars of logistics relationship management. In this multi-case study, two of our logistics client’s participants have been with their logistics provider for sixteen years and thirty years respectively. The reason they have given for their long years of business relationship with a simple word was a common goal and objective, trust, commitment, service reliability, communication, customer satisfaction and overall visibility across logistics channel and finally the cost of switching the time-tested and established business set-up. One participant in his words said that “why to jeopardize something which has been working for sixteen long years and problems will occur anywhere you go but how sincere you are to resolve it is what is more important to us.”

6.11 Impact of other Non-Relational Factors on Logistics Outsourcing Relationships: Cross-case discussion

Our case participants had a mix of thirteen factors to rate and rank, which included both relational and functional elements in their interview questionnaire. Below are the three functional factors that were also rated and ranked very highly by our multi-case participants.

6.11.1 Impact of Profitability on Logistics Outsourcing Relationships: Cross-case discussion

Every business initially starts its activity to have a profitable and sustainable venture and to accomplish an agenda every business needs to make an operational profit; otherwise, in the long run, the existence of the corporate entity might not be financially viable. The underlying objectives of outsourcing of logistics are simple enough; improve end-customer satisfaction and increase profitability, Byrne, R (2014). Recent trends in the 3PL industry indicate that to be successful, service providers have to differentiate themselves from their competitors. For example, regarding offering value-added services, focusing on the main customer accounts that can generate high profitability (like businesses normally practice the 80-20 rule where few businesses normally generate the majority of the profit for the firm). Also entering into a collaboration to complement the range of services offered and geographic areas served and sold 3PL services to clients' suppliers and customers, thus leading to complete supply chain integration (Petersen et al. 2005), Mothilal, S. et al. (2012). Smart Outsourcing can have a strategic effect on achieving company goals and identifying new business opportunities. Collaboration does play an adequate role in the partnering effort to consolidate the mutual relationship that will last and contribute to their profitability (Bajec and Jakomin 2011). Financial gain or profitability is the prime intention for any business venture, for a 3PL

provider to be profitable it needs to ensure that it has a trustworthy, committed , loyal and collaborative and overall satisfied client.

As per Bajec and Jakomin 2011, capable outsourcing relationship leads to long-term value creation for both parties involved in a logistics relationship, as it is a win-win scenario. It never loses sight of the fact that the relationships are a bilateral issue. As for client's perspective, the client company strives to save money, reduce risk, and/or enhance the quality of its operations. On the other hand from logistics service providers point of view, the service provider seeks to earn a profit, build on its service capabilities, and leverage its growing expertise for the future, as further added by Bajec and Jakomin 2011. Fortunately, these goals are complementary for both parties involved in the logistics relationship (Champy J. 2005.) Successful Supply chain integration significantly influences a business's financial performance (Sodhi and Son 2009). Many executives in leading-edge companies believe that the key advantage of efficient supply chain integration is its positive influence on competitiveness, revenue, and profitability (Serve et al. 2002). A 3PL providers profitability rest on few essential thing like offer a reliable, flexible service to its client, the level of customer service and customer satisfaction and flexibility and finally by offering a low-cost low-risk service for its logistics client.

It is now generally well-accepted fact that supply chain integration is essential for continued growth and profit (Wind 2005). Green et al. (2008), in recent research, has been hypothesized that supply chain integration and an organization's profitability has a positive association. A study carried out by Sahay and Mohan (2003), highlights the influence of supply chain integration on sales growth and profit for 3PL service providers. On profit growth, three key success factors were significant, and they are industry focus, relationship with third party logistics (3PLs) and skilled logistics professionals. It is noteworthy that industry focus

obstructs profit growth, thereby suggesting that coverage of industries is preferred to offset profits and losses (Bagchi and Mitra 2008). A profitable logistics arrangement between a 3PL provider and its client has a potential for a successful long-term business relationship.

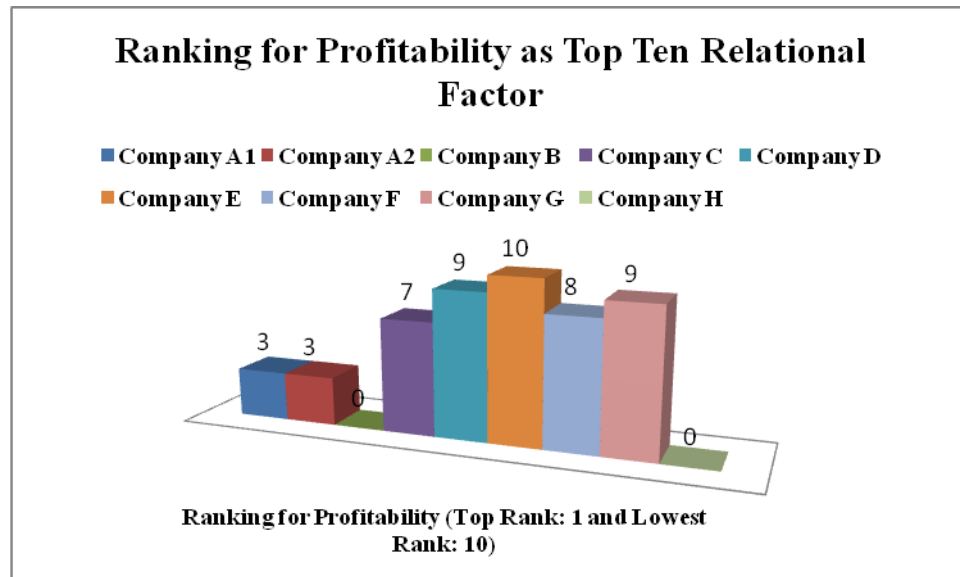


Figure 35: Ranking for Profitability as important relationship factors as ranked by all case participants.

Cross-Case Discussions on Profitability:

Primarily business activities and venture are initiated to gain financial benefit from it but sometimes the other factors prove to be more important than just the financial aspect of the business venture. In our relational ranking questionnaire, almost all the participants have expressed that financial gain is not the main reason that they are in business. Most of the participants preferred trust, commitment, and loyalty, the longevity of the business relationship, customer satisfaction, and customer retention ahead of profitability. The logistics clients indicated that by the virtue of their contractual arrangement the logistics service provider is their extended arm to their business. Moreover, thus keeping the business function for the long run is more prudent than reaping the shorter gain as they believe

that a business relationship built on trust commitment and open communication will surely bring in the profitability in the firm in future.

Logistics provider's point of view: 3PL providers in this multi-case study have specified a clear voice while ranking 'profitability' as an important relational factor in their logistics relationships. All of the logistics providers participated in this research have ranked 'profitability' in their top ten lists of ranking of relational factors in the logistics business. Two of the logistics provider has ranked 'profitability' in their top five ranking factor in their top ten relational factor ranking. At the same time, the remaining two providers have ranked 'profitability' at the bottom end of their list of top ten ranking relational factor. These responses although not very strong from ranking point of view but backs up the previous research of the importance of 'profitability' as a top relational factor in 3PL logistics outsourcing relationship management.

Logistics client's point of view: Five Logistics clients businesses participated in this multi-case research have somehow voiced a different viewpoint compared to their logistics service provider's friends as far as the importance of 'profitability' as a top ten relational factor on their business relationship with their 3PL providers. As two out of five logistics, clients did not even rank 'profitability' in their top ten relationship factors ranking. The other three logistics customers in this case study also have ranked 'profitability' very miserly in their list of top ten ranking along with another relational factor in their logistics partnership with their 3 PL provider. Their views although not very strong but are in agreement with the findings of the research in this area of relationship management that has ranked 'profitability' to be one of the pillars of logistics relationship management.

6.11.2 Impact of Service Accuracy and Reliability on Logistics Outsourcing Relationships: Cross-case discussion:

Bowersox et al. (1989) suggested that the essence of service /trade /business is dependent on the provider's ability to tangibly distribute the goods to a customer. The ultimate economic efficacy of place providing the right product at the right place at the right time in the right quantities and right condition at the right cost; constitutes the work of logistics. Through noteworthy exceptions (Delfmann et al. 2002; Maltz et al. 2004; Rabinovich and Bailey 2004; Rabinovich et al. 2007), the multitude of research in the logistics field has focused on the industrial provision of place utility in business to business environments, examining how a service provider can best accommodate industrial customers through effective and efficient logistics services. Logistics service providers being the experts of logistics business, are able to do a better job simply because of its relative position and inherent capabilities in the supply chain, its expertise and economies of scale it can offer, even if the customer's businesses have the resources available, Vasiliauskas and Jakubauskas (2007). A logistics service provider's ability to provide a quality and reliable service is essential for a profitable and long-term business venture. As the end of the day, the success and failures of the business arrangement are measured by the quality, reliability, and efficiency of the service provided by the logistics service provider.

Supply chain integration through tracking and tracing devices by third party service providers (3PL) gives them the ability for the quick response and as a result leads to better service outcome for customers (Rahman 2004). Buttermann et al. (2008) stated that supply chain integration, supply chain capability, and ERP applications have significantly influenced operational performance in third party service providers (3PL) businesses. The desired level

of delivery performance can be achieved via the effective and efficient use of an ERP system that can help manage better information flows in a supply chain with the backdrop of a skilled workforce and integration abilities with logistics partners (Lu et al. 2006). A highly integrated relationship across customer activities and third party service providers (3PL) businesses could enhance their ability to meet promised delivery dates for their clients (Shapiro et al. 1992). A logistics Service provider's performance level is the prime indicator of the longevity and sustainability of the business and a precursor for the prospect of a long-term venture.

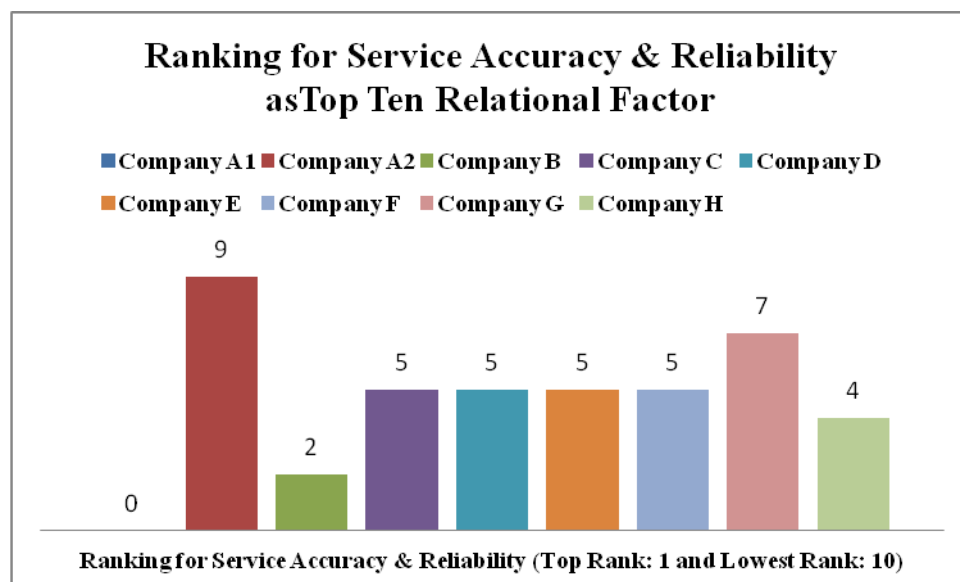


Figure 36: Ranking for Service Accuracy and Reliability as important relationship factors as ranked by all participants.

Cross-Case Discussions on Service Accuracy, Reliability, and Visibility across Logistics

Channel: our case participants from both logistics service provider and logistics client side in this multi-case research have ranked Service accuracy and reliability very highly. We can see in figure 36 in our ranking list for all case participants that six out of nine participants have ranked this factor on their top five ranking and two ranking it on a bit lower side, and one participant did not keep this factor in their top ten ranking list of a relational factor.

From Logistics Service Provider's point of view: Some participants have clearly indicated that providing an accurate and reliable service is a prerequisite for the customer satisfaction, customer retention, and then profitability. Therefore, this factor can be labeled as the backbone of the logistics relationship between the logistics outsourcing service provider and their client in the first place. In line with the view and thoughts of the researchers and the academics, our case participants have iterated that service accuracy and reliability help improve the level of customer service and thus increase the degree of customer satisfaction. The effect of customer service and customer satisfaction have a severe impact on the overall client-provider relationship and ultimately on client retention. From Logistics Service provider point of view, If the logistics service provider can keep its error rate under minimal level and have a favorable order completion rate. Moreover, also lets its clients have access /share the information regarding its logistics channel then the customer service level, customer satisfaction level and level of communication would improve and help build a sound basis for the business relationship.

From Logistics Client's point of view: From a logistics client's perspective a logistics provider's service accuracy, reliability and visibility across its logistics channel are the vendor's 'Key Performance Indicator' (KPI). The more accurate the service is and the more reliable the provider is and the better the visibility of its logistics functions to its clients. Then from the operational, functional and relational point of view the logistics client's satisfaction level would be very positive and so would be the commitment level and as a result, the business relationship will flourish both relationally and financially.

As per the rating on the below table O, the majority of the logistics clients in this multi-case study has clearly specified service accuracy and reliability and logistics visibility to be the Master's in Logistics and SCM Thesis by Sunny Kareem Page 213 of 294

major reason to outsource their activities and selecting to do business with their logistics service provider.

Factors leading to Outsourcing	Service Accuracy and Reliability (Top Rating:6 and Lowest Rating: 1)	Better Visibility across Logistics Channels (Top Rating:6 and Lowest Rating: 1)
Company B	4	4
Company C	1	1
Company D	6	6
Company E	6	6
Company F	5	5
Company G	2	2
Company H	2	3

Table O: Rating for Service Accuracy & Reliability and Visibility across logistics channel as an important factor leading to outsourcing as rated by all case participants.

6.11.3 Impact of Cost Savings on Logistics Outsourcing Relationship: Cross-case discussion

Price plays a central role in the decision to maintain a relationship with a logistics client with a service provider because it is an important driver of the perception of value, which, in turn, has an effect on customer satisfaction, Rao et al. 2011; Varki and Colgate 2001. customer satisfaction and purchasing patterns are positively influenced by the operational elements related to product availability, product condition, delivery reliability, and delivery speed, in addition to relational features such as communications, flexibility, and cost elements, (Rao et al. 2011, Vickery et al. 2004; Davis-Sramek et al. 2008). Logistics cost satisfaction elements could be understood as those vital features of the logistics service that capture the satisfaction of a customer of logistics services on the prices offered and the costs imposed by the logistics service provider in the first place (Rao et al. 2011, Davis-Sramek et al. 2008). Understanding the association between online customer behaviors and shipping cost has become a kind of Holy Grail for online retailers that most companies fail to achieve (Lewis et al. 2006). Logistics outsourcing at times leads to economies of scale and economies of scope, which encourages logistics outsourcing businesses to increase net value by reducing costs. Logistics clients are inclined to enter into logistics outsourcing agreements to free up resources and save on their logistics cost and they heavily rely on their service provider to ensure the profitability of their operation by getting relatively economical service without compromising the service quality and customer service level.

By outsourcing logistics activities, logistics customers can save on capital investments cost and as a result, reduce the financial risk on their logistics outsourcing decisions. Furthermore, the logistics provider can spread the risk by outsourcing to subcontractors. Smart and

efficient logistics outsourcing enables the client-company to focus on its core competency while its logistics provider takes responsibility for innovating change and cost control in non-core logistics operations (Bajec and Jakomin 2011). Outsourcing also allows saving time, because outsourcing the logistics functions helps free up resources and helps the logistics outsourcing customers to focus on core competencies of their operations. Logistics service providers, being the experts of logistics business can do the job better and efficiently, simply because of its relative position in the supply chain, supply chain expertise and economies of scale it can offer. Even if the companies have resources available, (Vasiliauskas V.A. Jakubauskas (2007). 3PL agreements are a tool for logistics client to enter into a service agreement to tap into expertise and skills and industry know-how of their providers in order to concentrate on their core strength and avail the cost saving opportunity.

Cross-Case Discussion: If we analyze the figure 37 page 213, we can clearly see the reasons given by our multi-case participants for deciding to outsource or use the service of a logistics service provider:

Relational factors ranking: While ranking their top ten list of relational factors seven out of nine participants ranked 'Cost Saving' on their top ten list and two companies did not rank this factor on their top ten ranks at all. Moreover, if we look at the ranking from different participants, we can see that it is ranked indifferently. As half of the participants ranked this factor in their top five ranks while the rest of the participants ranked this factor at the bottom of their top ten ranking.

Rating factors leading to outsourcing: The logistics clients in this multi-case study who outsourced their business (complete or part of it); while rating their underlying reason for deciding to use the services of the third party logistics service providers. Seven Out of the nine participants in this case study were logistics clients and six out of this seven

participating business have rated 'Cost Savings' as leading factors for their business has chosen to use third party logistics service provider in the first instance.

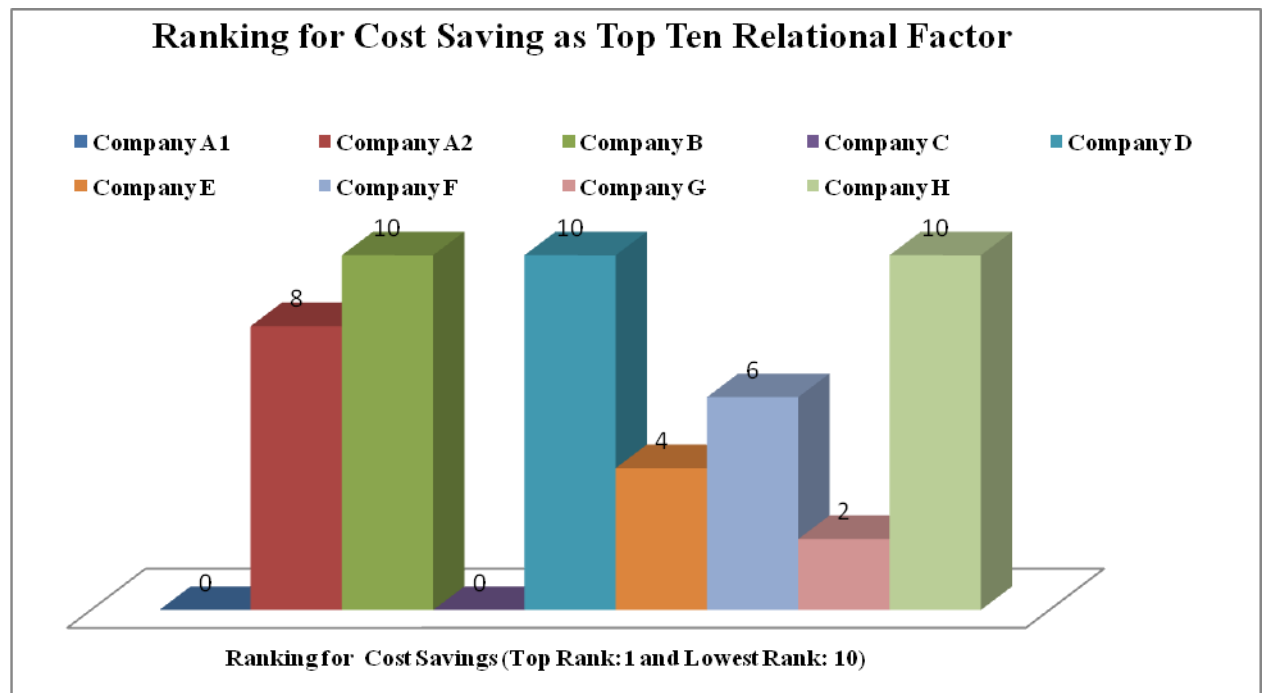


Figure 37: Ranking for Cost Savings as significant relationship factors as ranked by all participants.

6.12 Summary

The rankings, rating, views, and expert opinions of our participant case companies of these multi-case study findings have been cross-analyzed, and this chapter discussed these results thoroughly. The findings then reviewed, compared, and contrasted with earlier research and studies in this field. Some interesting facts have come forward through these cross-discussions of relational and some of the functional factors. The very surprising fact that unlike the academics and researchers our case participants have expressed totally opposite view on some important relational elements in a logistics outsourcing relationship. For instance, ‘flexibility’, ‘logistics capability’, ‘IT capability’ has featured in numerous research and scholarly topics and articles by researchers from around the world, but our case participants have expressed a very indifferent opinion on these important factors. Some non-relational factors such as ‘profitability’, ‘service reliability’, and ‘cost savings’, has been rated to play a greater role in creating and/or holding the relationship together in a logistics outsourcing business relationship between third party logistics service provider and their logistics clients. This finding although cannot be generalized or be used as a sweeping statement. However the case participants are important players with in-depth industry expertise, and some of them are industry leaders in their business. Therefore their opinions and views should not be taken lightly given the New Zealand logistics and freight forwarding industry scenario.

CHAPTER SEVEN: CONCLUSIONS AND RECOMMENDATIONS

The ultimate goal of this research was to investigate, explore and understand how relationship management issues help retain customers in third party logistics outsourcing business environment between the logistics services providers and their logistics clients. This chapter aimed to conclude the findings, analysis and cross-case analyses of this multi-case research in the light of the research questions, aims, goals and objectives stated in section 1.3 in chapter one of this case study. This final chapter provides closing observations on cross-case observations on various relational factors that builds the foundation for the relationship management in the logistics outsourcing client retention where the actors are third party logistics service providers and their logistics clients. The key findings were highlighted and compared with the initial target of this multi-case study research. This concluding chapter also sheds light on how the findings of this multi-case study can be related to the aspects of the greater and broader business environment beyond the limitations of this case study research. Also, this chapter provides recommendations on how this research can be used rewardingly in improving relationship management as a tool for customer retention in logistics outsourcing businesses between third party logistics service providers and their logistics clients throughout the world. This chapter also provides some guidelines and business insights that have been divulged by the logistics expertise and knowledge sharing from the logistics service providers and logistics clients who are acclaimed for their knowledge of the business in the industry. This chapter also suggested the way forward for the replicability of this sort of multi-case study research in future.

7.1 Research Conclusion

Relationship benefits have the strongest influence on relationship effectiveness. Failing to achieve expected benefits in a logistics agreement decreases a customer's relationship effectiveness, Moore K.R. (1998). Bromberger and Hoover (2003) suggest that the management of personal relationships is the most fragile aspect of supply chain management and one that is least understood. As Daugherty P.J. (2011), says “Relationships presents a fantastic and dynamic research area. The challenges are many-creating theory-driven models to guide our research. Maintaining analytical and methodological rigor; convincing people to fill out our surveys; extending our research to look at dyadic, triadic, and even network wide relationships; effectively utilizing qualitative research methods and conducting research that is managerially relevant and adds value for business. But there is no doubt the logistics and supply chain academic community is up to the task”. According to Gligor and Holcomb 2013, the nature of personal relationships and their role in business can be culture laden; while it does not negate that the insights that can be drawn from a US sample cannot be utilized in other culture or region, future research should be able to utilize and explore the questions addressed in a study done on samples drawn from other cultures and based on the cultural differences among nations, one might expect different behaviors and outcomes even using the same sample from one culture to another. The basic assumption of Social Exchange Theory (SET) is that businesses take part and retain relationships with the expectation that doing so will be rewarding in the near future (Blau 1964). Dependence of a customer on a 3PL refers to the customer’s need to maintain the relationship to achieve desired goals (Frazier 1983). The need to acquire the critical resources creates a situation of dependency, and, in order to maintain a consistent supply of these resources, the customer may attempt to generate alliances with the 3PL (Sakaguchi et al. 2004). Dependency indeed plays an

important role in nurturing cooperation and adaptation in relational exchange (Knemeyer, Corsi, and Murphy 2003). Sakaguchi et al. (2004) found that businesses with a higher level of resource dependency were more likely to integrate their supply chains compared to those with less resource dependency. Customer partnering behavior in a 3PL relationship is defined as the customer's perception that this relationship presents five key behavioral elements (Gardner et al 1994): planning, sharing benefits and burdens of the relationship, systematic operational information exchange, mutual operating controls, and longevities, Hoefler et al. (2009). Gardner et al. (1994) emphasize that logistics outsourcing relationships or alliances extend beyond transactional relationships and typically evolve over a long period. Both businesses involved in a logistics outsourcing relationship are motivated to manage risk and uncertainty through cooperation, thereby allowing both businesses to receive many of the benefits normally attained through vertical integration. Bowersox describes logistics alliances as special business arrangements where logistics partners seek to benefit from the synergy of working collectively and side by side. These relationships are characterized by high levels of trust, cooperation, dependency, and sharing of benefits and risks. Failure to develop trust during the early stages of a relationship can be disadvantageous. An imbalance of power can create an uneven commitment to a relationship, (Bowersox 1989).

Relationship Management and Relationship Marketing theories clearly point out that the way forward for businesses especially in the competitive market as 3PL is to build a long-term relationship with their logistics clients. The wiser and prudent option for logistics collaborators especially the logistics service providers is to build a close and long-term relationship with its clients and concentrate on retaining old loyal clients. As the benefit of building long-term relationships will not only bring more profit but add more value to the

entire logistics channel such as cost saving, economies of scale, new referrals and also provide a competitive advantage for the entire business.

7.2 Background and Motivation for this Study

The primary goal of this research paper was to investigate and explore what role ‘relationship management’ plays in logistics outsourcing business scenario specifically between logistics service provider and their logistics clients. And we did put the spotlight on the ongoing and emerging issues relating to logistics outsourcing relationship and its drivers that play their vital role in client retention and thus in shaping up the future of the business relationships in the local and global logistics outsourcing business industry. As per the author’s personal observations that there are some examples of logistics outsourcing relationships that stand the test of time; as one of the logistics clients in this research has been doing business with its provider for last sixteen years and another logistics client is using the service of its logistics provider for last thirty years. In addition, these relationships have been reciprocal from the financial, relational, and operational point of view. Therefore, this study has aimed to look deeper into the impact and value of relational factors in client retention and how they are shaping the ‘relationship management’ issues in the logistics outsourcing business environment in New Zealand where logistics service providers and their logistics outsourcing client’s relationship is under a microscope.

This multi-case study research was based on a very rigorous and in-depth literature review emphasizing the current state of research in the field of relationship management and its role in client retention in a third party outsourcing logistics management scenario. Because of the relative freshness of this topic, there were very inadequate variety of academic work could be found on this specific topic. As a result, additional information has to be gathered from various printed and online magazines, newspapers, corporate journal and articles and textbook by various authors and scholar, which predominantly describe the logistics

outsourcing relationship, were incorporated. Primary data was collected via personal in-depth interview using an industry related semi-structured questionnaire with open-ended questions reflecting the participants own logistics experience and industry knowledge and the impact of relational factors on relationship management in their logistics outsourcing relationship with their logistics service provider or their logistics clients. In order to get a bigger and broader span of opinions and insights some companies were chosen are market leaders in their own industry and have an enormous influence on the logistics industry in New Zealand freight forwarding and logistics business financially, commercially and by virtue of their logistics activities were included in this study.

7.3 Research Outcome

This multi-case study has established that the influence of relationship management in client's retention in third party logistics outsourcing relationship in New Zealand freight industry is noticeable although different businesses have emphasized on different relational factors due to their own unique business situation and according to their logistics activities. Eight out nine participants have indicated that only profitability of the business alone is not a guarantee for a successful and long existence for the business. Relational factors do certainly help solidify the business relationship between logistics service provider and their logistics clients, brings another dimension and opportunity for the businesses, and help ensure that the partnership between the parties involved in the logistics activities creates a long lasting and successful venture.

The further insights from the responses of the case participants on their questionnaire revealed that relationship management and business collaboration is a way to future in order to retain their client's base with increased customer satisfaction and sharing capabilities to reduce cost and have better service accuracy and visibility across their logistics and supply chain network. The literature review also supported the findings of this questionnaire outcome of this multi-case study that business relationships to be built on a solid relational base with trust, loyalty, commitment, communication and such and create a business platform that will complement each other's capabilities and help achieve the individual business's target, goals, and objectives. Case participants own logistical expertise and opinion has deferred in many ways with the guidelines and facts and findings from past research in our literature review but still their overall stances and opinions in various issues are in line with the past researchers and academics viewpoint in the research subject.

7.4 Managerial Implications

Logistics management practices: in other words, the set of activities businesses engage to effectively and efficiently manage its logistics channel, have a serious impact on its relationships between the logistics providers and their logistics clients. In light of this multi-case study research, the following factors have been identified as important features to look out dealing with relationship management issues;

- **Sharing Common Goal:** This multi-case study has reiterated the very fact that most of the time a business starts to outsource part or whole of their business in order to concentrate on their core business and tap into the strength provided by the other party. Case participants from both providers and clients side in this study has expressed that as they want their business to grow and they want the same for their logistics partners to grow with them as well be it logistics, financial, operational and information capability.
- **Interpersonal Skills:** “According to John Browne, CEO of BP (British Petroleum), ‘you never build a relationship between your organization and a company....you build it between individuals” (Adobor, 2006 p.474). The need for businesses to develop closer relationships with their providers is well recognized in the logistics and supply chain literature (Murphy and Poist 2000; Van Laarhoven et al. 2000; Golicic and Mentzer 2006). Most of our participants in this multi-case study have expressed the same opinion as the past researchers that developing a better personal relationship with their logistics client or logistics service provider helps solidify the business relationship.
- **Keeping Customer Satisfied:** Logistics clients in this case study have shared that they assume their logistics provider as an extended arm of their business operations.

Therefore, managers in third party logistics environment must look after the client base of their logistics customers and ensure religiously that these end clients get their orders accurately, deliveries and expected customer service at the right time and in the right manner. Because of these actions, the result would be highly satisfied customers on their end, which will help grow their own business handsomely in financial and relationship wise. Because repeat business and business referrals are the by-products of customer satisfaction.

- **Effective Communication:** communicating effectively, sharing, and passing the information between both parties in logistics outsourcing environment helps in a long way according to the participants in this multi-case study. Communication has been rated one of the important factor directly related to customer service, customer satisfaction, and customer retention. In addition, in third party logistics environment, timely communication is considered to be worth more than the dollar value of the whole transaction.

- **Visibility across Logistics Network:** In the third party logistics, the outsourcing environment it will always pay off to keep your logistics client in-sync with the movement of the product or information throughout the logistics channel. As it shows the trust, loyalty and commitment from the logistics providers end that they take the best possible care and action to serve the best for their logistics customers.

7.5 Future Research Direction

It is fair to say that one multi-case of this kind will not be able to address complex relationship management and client retention issues in the highly competitive logistics outsourcing industry in New Zealand. Thus, the author would like to make some propositions for general direction on future research studies:

- As this study consists of few logistics service providers and logistics clients from a handful of business sectors based in Auckland regional logistics industry; further research might be benefited from including more representation from different business sectors from all over New Zealand and even Australian businesses to get a broader spectrum of the issues identified in this multi-case study.
- As this is a qualitative multi-case study research relying mainly on raw primary data, the future researcher might want to conduct a quantitative research with a bigger, broader, and larger participant sample.
- The case participants in this multi-case study have been very indifferent in assessing and responding few important relational factors that have been identified as vital by previous relationship management researchers and academics. The future researcher might want to put emphasis on those elements to find out the link between this current study and their own work.

As per our findings from our extensive literature review it seems that ‘Transaction Cost Economy’ (TCE), ‘Transaction Cost Theory’ (TCT), ‘Resource-Based View’ (RBV) and ‘Resource Dependence Theory’ (RDT) seems to be more preferred and popular theory used by modern days researchers and academics, which shows that more theory base needed to be created for ‘logistics outsourcing relationship’ scenario. “The adoption of a theory

development approach for the creation of logistics knowledge is advocated by many scholars like Arlbjørn and Halldursson 2002, Mentzer et al. 2004, Stock (1997, 2002, 2009), Liu X (2014). “ As Stock and Boyer 2009 p.707 suggested theory development must be the backbone and at the heart of the scientific research endeavors”, Liu X (2014).

Finally, the future researcher might want to link up impact and effect of financial factors on relationship management side by side with the relational factors and logistical factors on the logistics outsourcing industry as far as client retention is concerned.

7.6 Recommendations

After summarizing the research verdict in last few sections, this section will endeavor to make some recommendations based on the multi-case study research that has just been conducted on how relationship management can help with client retention in the logistics outsourcing business between logistics service provider and their logistics clients. Below are the few recommendations have been made based on the opinions and logistics expertise of the case participants, which in some cases are not in-sync with the views of the past researchers, and academics in our literature review:

- **Flexibility:** Numerous researchers and academics have put lots of emphasis on this relational factor that complement to the logistics capability of the logistics service providers is to serve their logistics clients efficiently. However, in our questionnaire, the participants have been rather indifferent in rating and ranking these factors as one of the pillars of the logistics relationship between third party logistics service provider and their clients. Therefore, further research should be conducted to include this important factor and test their standing and significance and their importance as an important relational factor.

- **Logistics and IT capability:** These factors were almost ignored by our multi-case participants but have been spoken very highly in a literature review by past research and academics. Another theory base as per Appendix needs to be used to investigate and explore and also using of hypotheses to establish the impact of these factors and their significance in client retention and relationship management issues in third party logistics outsourcing business.

▪ **Quantitative or Mathematical approach:** Data analysis pointed out the various uses of methods and data analysis techniques used in our selected articles in our literature review. Given the scenario of Australasian logistics, outsourcing industry other suitable techniques like mathematical or statistical and overall quantitative approach might be used to achieve better rigor and results.

▪ **Involve other active players of third party logistics in research:** This research aims to highlight the underlying factors in the business relationship among parties involved in third party logistics (3PL) logistics business in NZ logistics industry. However, the author only involved the logistics service provider and their logistics clients in this multi-case study. Therefore, including other active players in logistics business network like transport companies, shipping companies, airlines, rail carriers and even container companies would pay off by providing a broader variety of insight.

▪ **The impact of dollar value on relationship management issues:** Also identifying the impact of the dollar value created on the overall longevity of the relationships can be explored while researching client retention and relationship management issues in the third party logistics business.

▪ **The increase of Geographical Region:** This multi-case study research has only looked at few businesses in Greater Auckland. Further regional business hubs of New Zealand might be included and the participation of big regional businesses might be represented in order to have a bigger and wider picture of the significance of client retention and relationship management in New Zealand Logistics outsourcing industry in a whole.

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Appendix A

Theory	Author(S)	Year	Key Concepts/Assumptions
Agency Theory	Nicola L Kudla, Thorsten Klass-Wissing	2012	Sustainability In Shipper-Logistics Service Provider Relationships: A Tentative Taxonomy Based Agency Theory And Stimulus-Response Analysis
Collaborative Transportation Management	Đurđica M. Stojanovića, Bjørnar Ø. Aasb	2015	Transport Outsourcing And Transport Collaboration Relationship - The Risk Hedging Perspective
Conflict Management; Relational View	Nelson Oly Ndubisi	2011	Conflict Handling, Trust, And Commitment In Outsourcing Relationship: A Chinese And Indian Study
Contingency Theory	Silvia Bellinkrodt, Carl Marcus Wallenburg	2013	The Role Of External Relationships For LSP Innovativeness: A Contingency Approach
Contract Theory; Relationship Marketing Management	Sudhi Seshadri, Randhir Mishra	2004	Relationship Marketing And Contract Theory
Cost Of Goods Sold (COGS)	George N Kenyon & Mary J Meixell	2015	Success Factors And Cost Management Strategies For Logistics Outsourcing

Grounded Theory	Ram Narasim, Sriram Narayanan, Ravi Srinivasan	2010	Explicating The Mediating Role Of Integrative Supply Management Practices In Strategic Outsourcing: A Case Study Analysis
Grounded Theory	David M Gligor, Mary Holcomb	2013	The Role Of Personal Relationships In Supply Chains: An Exploration Of Buyers And Suppliers Of Logistics Services.
Guanxi	Howard Davies, Thomas K P Leung, Sherriff T K Luk, Yin Hing Wong	1995	The Benefits Of Guanxi : The Value Of Relationships In Developing The Chinese Market.
Guanxi	Bala Ramasamy, Kw Goh, Mathew C H Wang	2006	Is Guanxi (Relationship) A Bridge To Knowledge Transfer
Guanxi	Peter K.C.Lee, Paul K Humphreys	2007	The Role Of Guanxi In Supply Management Practices
Guanxi	Shaohan Cai, Minjoon Jun, Zhilin Yang	2010	Implementing Supply Chain Information Integration In China: The Role Of Institutional Forces And Trust
Guanxi; Relationship Marketing	Cheng Lu Wang	2007	Guanxi Vs Relationship Marketing: Exploring Underlying Differences

Key Success Factor (KSF); Related Sub Factors (RSF); Relationship Management	R Rajesh, S Pugazhndhi, K Ganesh, Ducq Yves, Sc Lenny Koh, C Muralidharan	2011	Perspective Of Service Providers And Customers Of Key Success Factors Of Third Party Logistics Relationships-An Empirical Study
Lateral Co-Ordination	Janne Huiskonen, Timo Pirttila	2002	Lateral Coordination In A Logistics Outsourcing Relationship
Logistics Innovation Process	Shong Lee Ivan Su, Britta Gammeelgaard, Su Lan Yang	2011	Logistics Innovation Process Revisited: Insights From A Hospital Case Study
Mediated Power Theory	Sean M Handley, Wc Benton Jr	2012	Mediated Power And Outsourcing Relationships
Organizational Learning, Relationship Orientation	Photis M. Panayides	2005	The Impact Of Organizational Learning On Relationship Orientation, Logistics Service Effectiveness, And Performance
Relationship Marketing; Transaction Cost Theory (TCT)	Rudolf O Large	2007	The Influence Of Customer Specific Adaptation On The Performance Of 3PL Relationships- Document Studies & Propositions
Relational Benefits; Special Treatment Benefits; Value- Added Benefits. Collaborative Benefits	Ling Li	2011	Assessing The Relational Benefits Of Logistics Services Perceived By Manufacturers In Supply Chain

Relational Strategies	Valentina Carbone, Marilyn A Stone	2005	Growth And Relational Strategies Used By The European Logistics Service Providers: Rationale And Outcomes
Relational View	S W Chou, Aa Techatasanasoontorn, I H Hung	2015	Understanding Commitment In Business Process Outsourcing Relationships
Relationship Marketing Elements	Michael Knemeyer. Thomas M Corsi, Paul R Murphy	2003	Logistics Outsourcing Relationships: Customer Perspective
Relationship Marketing, Contract, Trust, Commitment.	Dianne Hofenk, Rinaldo Schipper, Janjaap Semeijn, Cees Gelderman	2011	The Influence Of Contractual And Relational Factors On The Effectiveness Of The 3PL Relationships
Relationship Governance Theory	Fujun Lai, Yu Tian, Baofong Huo	2012	Relational Governance And Opportunism In Logistics Outsourcing Relationships: Empirical Evidence From China
Relationship Management; Organizational Learning.	Photis M. Panayides & Meko So	2005	Purpose Is To Empirically Assess The Impact Of Relational Orientation In Logistics Service Provider (LSP) Vs Client Relationships And Their Ultimate Impact On Supply Chain Effectiveness And Performance.

Resource Based Theory (RBT)	Ronan McLvor	2010	The Influence Of Capability Considerations On The Outsourcing Decision: The Case Of A Fg Company
Resource Based View (RBV)	Haozhe Chen, Yu Tian, Alexander E Ellinger, Patricia J Daugherty	2010	Managing Logistics Outsourcing Relationships: An Empirical Investigation In China
Resource Based View (RBV)	Ramkrishnan Ramanathan	2010	The Moderating Role Of Risk And Efficiency On The Relationship Between Logistics Performance And Customer Loyalty In E- Commerce.
Resource Based View (RBV)	Chiung Lin Liu, Andrew C Lyons	2011	An Analysis Of Third Party Logistics Performance And Service Provision
Resource Based View (RBV)	Evi Hartmann, Alexander De Grahl	2011	The Flexibility Of Logistics Service Providers And Its Impact On Customer Loyalty, An Empirical Study
Resource Based View (RBV), Relational View.	Tomas F Espino-Rodriguez, Manuel Rodriguez-Diaz	2008	Effects Of Inter And Relational Capabilities On Outsourcing: An Integrated Model
Resource Based View (RBV), Relational View.	Chee Yew Wong, Noorliza Karia	2010	Explaining The Competitive Advantage Of Logistics Service Providers: A Resource-Based View

Resource Dependence Theory (RDT)	Fujun Lai, Zhaofang Chu, Qiang Wang, Chunxing Fang	2013	Managing Dependence In Logistics Outsourcing Relationships: Evidence From China
Service Exchange Dynamics; Relationship Governance Dynamics	Kostas Selviaridis, Martin Spring	2010	The Dynamics Of Business Service Exchanges: Insights From Logistics Outsourcing
Social Exchange Theory (SET); Network Theory.	Adriana Rossiter Hofer, Michael Knemeyer, Martin Dresner	2009	Antecedents And Dimensions Of Customer Partnering Behaviour In Logistics Outsourcing Relationships
Social Exchange Theory (SET); Relational Exchange Theory (RET)	Cong Qi, Patrick Y K Chau	2012	Relationship, Contract And It Outsourcing Success: Evidence From Two Descriptive Case Studies
Social Exchange Theory (Set); Cultural Theory, Commitment-Trust Theory.	Carl Marcus Wallenburg, A Michael Knemeyer, Thomas J Goldsby, David I Cahill	2011	Commitment And Trust As Drivers Of Loyalty In Logistics Outsourcing Relationships: Cultural Differences Between Germany And The U.S.A.
Social Exchange Theory; Transaction Cost Theory (TCT); Power-Relationship Commitment Theory	Xiane Zhao, Baofeng Huo, Barbara B Flynn, Jeff Hoi Yan Yeung	2008	The Impact Of Power And Relationship Commitment On The Integration Between Manufacturers And Customers In A Supply Chain
Social Network Theory	Mei Li, Thomas Y Choi	2009	Triads In Services Outsourcing: Bridge, Bridge Decay And Bridge Transfer

Supply Chain Integration Concept	Daniel Prajogo, Jan Olhager	2012	Supply Chain Integration And Performance: The Effects Of Long-Term Relationships, It, Sharing And Logistics Integration
TCE: Transaction Cost Economies; (RBV): Resource Based View	Rudolf Leuschner, Craig R Carter, Thomas J Goldsby, Zachary S Rogers	2014	Third Party Logistics: A Meta-Analytic Review And Investigation Of Its Impact On Performance.
TCT (Transaction Cost Theory); Opportunism	Sean M Handley, Wc Benton Jr	2013	The Influence Of Exchange Hazards And Power On Opportunism In Outsourcing Relationships
Total Cost Of Ownership (TCO); Total Cost Of Relationship (TCR)	Arnold B Maltz, Lisa M Ellram	1997	Total Cost Of Relationship: An Analytical Frame Work For The Logistics Outsourcing Decision
Transaction Cost Economies (TCE); Resource-Based View (RBV); Relationship Based View	Shiri D Vivek, R Glenn Richey Jr. Vivek Dalela	2009	A Longitudinal Examination Of Partnership Governance In Offshoring: A Moving Target
Transaction Cost Economies (TCE); Resource-Based View (RBV)	Ronan McLvor	2008	What Is The Right Outsourcing Strategy For Your Process
Transaction Cost Economy (TCE)	Oliver E Williamson	2007	Outsourcing: Transaction Cost Economies And Supply Chain

			Management
Transaction Cost Economy (TCE); Resource-Based View (RBV)	Kingsley A Reeves, Fetullah Caliskan, Ozan Ozcan	2010	Outsourcing Distribution And Logistics Services Within The Automotive Supplier Industry
Transaction Cost Economy (TCE); Resource-Based View (RBV)	Donna Marshall, Ronan McLvor, Richard Lamming	2007	Influences And Outcomes Of Outsourcing: Insights From The Telecommunication Industry
Transaction Cost Economy (TCE); Resource-Based View (RBV); Knowledge-Based View (KBV); Contract Specificity.	Tobias Schoenherr	2010	Outsourcing Decisions In Global Supply Chains: An Exploratory Multi-Country Survey
Transaction Cost Economy (TCE); Resource Dependent Theory (RDT)	Zhaofang Chu, Qiang Wang	2012	Drivers Of Relationship Quality In Logistics Outsourcing In China
Transaction Cost Theory (TCT)	Sean M Handley, Wc Benton Jr	2012	The Influence Of Task And Location Specific Complexity On The Control And Co-Ordination Costs In Global Outsourcing Relationships
Transaction Cost Theory; RBV: Resource Based View; Relationship Management	Ming Chih Tsai, Kee Hung Lai, Alison E Lloyd, Hung Ju Lin	2012	The Dark Side Of Logistics Outsourcing-Unravelling The Potential Risks Leading To Failed Relationships

Transactions Cost View (TCV); Resource-Based View (RBV)	Shams Rahman	2011	An Exploratory Study Of Outsourcing 3PL Services: An Australian Perspective
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Appendix B

INFORMED CONSENT FORM

Full Title of the Project: The Significance of ‘Relationship Management’ as a Key Client Retention Driver in Third Party Logistics: A Case Study of Logistics Service Providers and their Clients in Auckland Freight Industry. (A thesis for the degree of Master of Logistics and Supply Chain Management, At Massey University, Albany, New Zealand, 2015.)

Name, position, and contact address of Researcher:

Sunny Kareem, Student Id: 09235140

Degree: Masters in Logistics & Supply Chain Management

Massey University, Albany, Auckland

E-mail: makseemas@yahoo.com.au, Mobile: 0273681440.

Thank you for agreeing to participate in this study, which will take place from September 24, 2015. This form details the purpose of this study, a description of the involvement required and your rights as a participant.

The purpose of this research is to study:

- The Significance of ‘Relationship Management’ as a Key Client Retention Driver in Third Party Logistics in Auckland Freight Industry. A Case Study of Logistics Service Providers and their Clients

The benefits of the research will be:

- To better, understand the successful Business Logistics relationship management.
- To identify significant relational components that help with customer retention in the Logistics outsourcing industry in general.
- To help and contribute to the Academic knowledge base and future researchers in Supply Chain and Logistics industry.

The methods that will be used to meet this purpose include:

- One-on-one interviews
- Short Questionnaire

You are encouraged to ask questions or raise concerns at any time about the nature of the study or the methods I am using. Please contact me at any time at the e-mail address or telephone number listed above.

Our discussion will be audio taped to help me accurately capture your insights in your own words. The tapes will only be heard by me for the purpose of this study. If you feel uncomfortable with the recorder, you may ask that it be turned off at any time.

You also have the right to withdraw from the study at any time. In the event, you choose to withdraw from the study all information you provide (including tapes) will be destroyed and omitted from the final paper.

Insights gathered from you and other participants will be used in writing a qualitative research (Case Study) report, which will be a thesis presented in partial fulfillment of the requirements for the degree of Master of Logistics and Supply Chain Management at Massey University, Albany, New Zealand. Though direct quotes from you may be used in the paper, Your Company your name and other identifying information will be kept anonymous.

Sign: Participant:

(Print full name here)

(Signature)

(Date)

Sign: Researcher:

Print full name here)

(Signature)

(Date)

Appendix C

Impact of Relationship Management on 3PL customer –service provider business:

Part 1: General information

- What is your work position?
 - CEO
 - Managing Director /Director
 - Supply Chain / Logistics/Warehouse/Purchasing Manager
 - Sales Manager/Operations Manager
 - Admin/Finance/ Accounts Manager
 - Other _____
- How many full-time employees are in your company?
 - Less than 20
 - 20-40
 - 40-60
 - 60-80
 - 100 and more
- How many branches do you have in Australia and NZ?
 - 1-2
 - 2-5
 - 5-10
 - 10 and more
 - Pls specify _____
- What type(s) of business activity is your company involved in?
 - Freight Forwarding
 - Custom Broking
 - Logistics / Warehousing
 - Storage
 - Distribution
 - Transportation
 - Sales
 - Manufacturing
 - Wholesaling
 - Retailing

- Other_____
- What was the development of your total sales volume over last five years period?
 - 2010-2014_____ % (increases or decreases in %)
- What is the expected development of your total sales volume over next five years period?
 - 2015-2019_____ % (increases or decreases in %)
- Does your company have its own warehousing facility?
 - Yes
 - No
 - Pls specify
- Do you use any Freight Forwarder and/or Logistics Service providers for your business?
 - Yes
 - No
- When is the last time you have changed your logistics service provider?
 - Less than one year
 - 1-3 year
 - 3-5 year
 - Other_____
- How long are you with your current logistics service provider?
 - Less than one year
 - 1-3Year
 - 3-5 Year
 - 5-10 Years
 - Other_____

Part 2: Outsourcing of your logistics activities (please select the activities corresponding to options 1, 2 or 3 for each of the following five activities): **(To Be Completed by Logistics clients only or if this situation is applicable to your business):**

Outsourcing Status	Warehousing & Storage	Inventory Management	Delivery & Transportation	Distribution & Order Management	Packaging & Labelling	Total Distribution Network Management
1. We have already outsourced this activity	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N
2. We intend to outsource this activity	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N
3. We do not intend to outsource this activity	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N

Part 3: Factors leading to Your logistics outsourcing decisions: Please provide the following information with respect to your decisions to use logistics outsourcing in the first instance (please select on a scale of 1 strongly disagree – 6 strongly agree): **(To Be Completed by Logistics Clients only or answer if these situations apply to your business)**

Factors leading to Outsourcing	Strongly disagree 1	2	3	4	5	Strongly Agree 6
1 Cost Reduction	1	2	3	4	5	6
2. Investment Flexibility						
3. Improved Customer Service	1	2	3	4	5	6
4. Better Market Penetration (Access to New Market)	1	2	3	4	5	6
5. Access to Logistics Expertise & IT Capability	1	2	3	4	5	6
6. Concentrate on Core Business	1	2	3	4	5	6
7. To become more Competitive	1	2	3	4	5	6
8. Enhanced Flexibility	1	2	3	4	5	6
9. Shorten Delivery Lead Time	1	2	3	4	5	6
10. Increase Productivity	1	2	3	4	5	6
11. Service Accuracy & Reliability	1	2	3	4	5	6
12. Better Visibility across Logistics Channels	1	2	3	4	5	6

Part 4: Logistics complexities of your business activities:

We would like to know to what extent you agree/disagree whether the following factors complicate the management of logistics processes in your product group (please select 1 – 6 for each factor):

Logistics Factors	Strongly disagree 1	2	3	4	5	Strongly Agree 6
Product variety	1	2	3	4	5	6
Product Knowledge	1	2	3	4	5	6
Storage Complexity	1	2	3	4	5	6
Skilled Employees	1	2	3	4	5	6
Lead time	1	2	3	4	5	6
Demand Uncertainty	1	2	3	4	5	6
Transportation Issues	1	2	3	4	5	6
Delivery frequency	1	2	3	4	5	6
Order volume	1	2	3	4	5	6
Information sharing	1	2	3	4	5	6
Number of Clients	1	2	3	4	5	6
Documentation Issues	1	2	3	4	5	6

Part 5: Your logistics performance: Please provide the following information with respect to your current logistics performance (please select on a scale of 1 strongly disagree – 6 strongly agree): **(To Be Completed by Logistics Provider only or answer if these situations apply to your business):**

Logistics Factors	Strongly disagree 1	2	3	4	5	Strongly Agree 6
1 Our logistics costs are relatively low	1	2	3	4	5	6
2. We always meet the ordered quantity	1	2	3	4	5	6
3. We always meet the delivery lead time	1	2	3	4	5	6
4. We respond relatively quickly to serve the needs of our customers	1	2	3	4	5	6
5. We go out of our contractual liabilities to keep our customers happy	1	2	3	4	5	6
6. We put customer satisfaction ahead of monetary gain	1	2	3	4	5	6
7. Our Customers have access to our EDI system	1	2	3	4	5	6
8. We resolve any accounting issues or conflict raised by our clients ASAP	1	2	3	4	5	6
9. In the case of any incidents, we keep an open communication policy with our customer's.	1	2	3	4	5	6
10. We ensure service accuracy & reliability for our customers	1	2	3	4	5	6

Part 6: Impact of relationship issues with your logistics customer or provider: Please rate the following topics with respect to your current relationship issues with your clients or provider: with ‘10’ being very important and ‘1’ being not very important (i.e. **The most important of the list is ranked 10, next most important 9, etc. down to least most important which is ranked 1**):

Relationship Factors	Least Important 1	2	3	4	5	6	7	8	9	Very Important 10
Trust	1	2	3	4	5	6	7	8	9	10
Commitment	1	2	3	4	5	6	7	8	9	10
Loyalty	1	2	3	4	5	6	7	8	9	10
Profitability	1	2	3	4	5	6	7	8	9	10
Customer Satisfaction	1	2	3	4	5	6	7	8	9	10
Flexibility	1	2	3	4	5	6	7	8	9	10
Long-term Business Relationship	1	2	3	4	5	6	7	8	9	10
Logistics Performance	1	2	3	4	5	6	7	8	9	10
Conflict Management	1	2	3	4	5	6	7	8	9	10
Damage, Claims & Pilferage issues	1	2	3	4	5	6	7	8	9	10
Contractual Obligation	1	2	3	4	5	6	7	8	9	10
Cultural Aspects	1	2	3	4	5	6	7	8	9	10

Part 7: Relationship variables as you seem important for your business relationship management: In this section, we would like you to help identify the most important factors that matter in your long-term relationship with your clients or business partners: Pls rank the following relationship variables, as you seem important for your business relationship management:

1. Long term Business Relationship; 2. Profitability; 3. Customer Satisfaction; 4 Customer Retention; 5. Trust; 6. Loyalty; 7. Flexibility, 8. Communication; 9. Commitment; 10 Logistics Performance; 11. IT Capability; 12. Service Accuracy & Reliability; 13. Cost Savings.

RANKING ORDER	Your Rankings:
A	
B	
C	
D	
E	
F	
G	
H	
I	
J	

Part 8: In this section, we are looking for your opinion on how these following relationship variables have affected your relationship management issues with your logistics service provider or client in your ongoing business affairs:

A. Do you think your ongoing relationship with your logistics service provider or client has added benefits to the businesses and how (for example Customer satisfaction, increased business volume, longer contract time, etc.).

B. Do you think your long-term business relationship with your Provider/Client has impacted the Productivity issues (Customer Service, Customer Satisfaction, Order Lead Time, Delivery accuracy, etc.) as far as your logistics outsourcing performance is concerned?

C. Has profitability (Financial aspects of the business) been a bigger issue than Trust, Loyalty, and Communication, and Flexibility, long-term relationship in your business relationship with your provider or client?

D. Do you think your long-term business relationship with your logistics service provider/client has added value to your business like profitability, longevity, Service Accuracy & Reliability, conflict management and Business / Trade Secrets & Intellectual Property rights issues?

E. Do you Trust your service provider /client in general? And Why? Do you feel that there are Loyalty and Commitment in the relationship? How do you feel about the Flexibility and Communication quality with your provider or client?

F. If you are in the logistics relationship with your current provider/client for five years or more, Can you say that your business relationship with the service provider or client is a successful one? Why and why not?

Please feel free to add more Comments in your words on Logistics Outsourcing Relationship Management and its impact on your business:

Thank you for your participation and your valuable feedback and input in making this research a productive one. We appreciate your valuable time, effort and contribution in making this thesis a successful one.