

Critical Decision Making Issues for Logistic Services from Users' Perspective in Hungary

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Abstract: In the year of 2009 Budapest Tech, Department of Enterprise Management in cooperation with Széchenyi István University, Department of Logistics and Forwarding finished a project on the investigation of customers of the logistic market. Here we are about to publish some results of it. The nearly random sample we used during our research (leaders of companies and firms were asked) was based on personal questioning. The result of course cannot be handled as comprehensive report because of the composition of the sample. Defining the principles of comprehensiveness in the field of logistics in Hungary would have been not only very difficult and expensive but would have taken an extremely long amount of time.

Keywords: logistic services, logistic market

1 Basic Data of Companies in the Survey

First we have to set down that the composition of companies taken part in this survey are not a comprehensive sample neither in the point of view of the Hungarian market nor in the field of logistics. By the way the results can be a robust approaching because the composition of the sample doesn't contain extreme disproportions. The questionnaire detailed was filled by 188 different companies in whose operations the logistic services play an important role. Some data weren't given referring to business secret but the quantity of them is insignificant. The number of companies according to sectors of the economy:

- motor/car industry: 35
- light industry: 14
- building industry: 24
- chemical/medicine industry: 8
- wood/furniture industry: 6
- electronics industry: 21
- food industry: 14
- trade/commerce: 56
- engineering industry: 26
- agriculture: 7
- others: 27

Some companies belong to more than one industry so the sum of them is more than 188.

Company size can be measured by the number of employees too. We found disparity as follows:

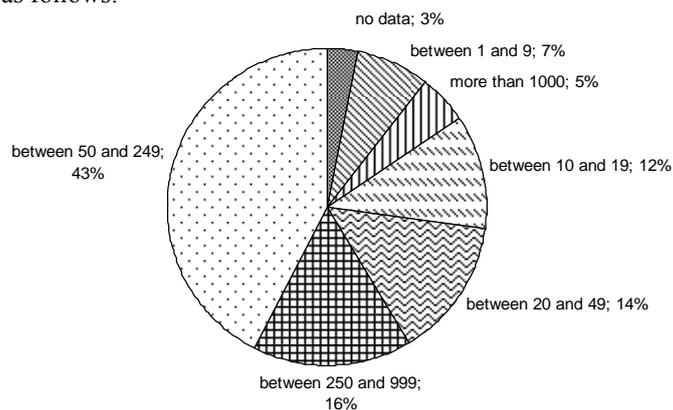


Figure 1

Cake diagram of the number of employees

2 Results

2.1 Importance of Attributes of Services Provided

We chose 10 parameters that are very necessary in the life of companies taking logistic services. We were interested in how important these parameters are in general. The level of importance could be marked from 0 to 10. This was not a ranking so factors could have the same importance. 10 indicated the highest 0 the lowest importance. The determination of the order of importance of each attributes is measured by average value. Variances are shown as well to make the analysis better.

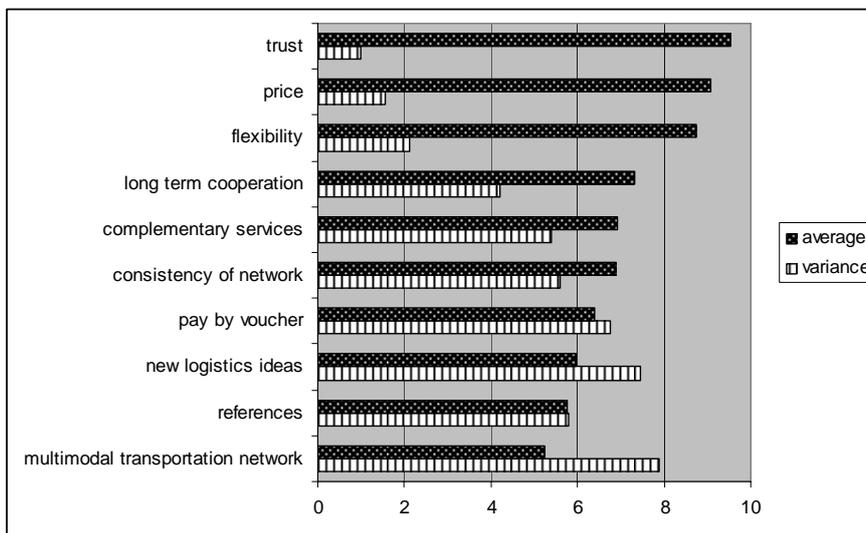


Figure 2
 Importance of attributes in general

Other question was about the present providers of logistic services. Figure 3 shows us how satisfied the companies are with their present providers regarding the same parameters. This time the level of satisfaction had only five items: numbers from 1 to 5. The highest value is the best. Average levels and variances are displayed.

We can state, that usually the ranking of importance in general is very similar to the ranking of satisfaction with the present service providers.

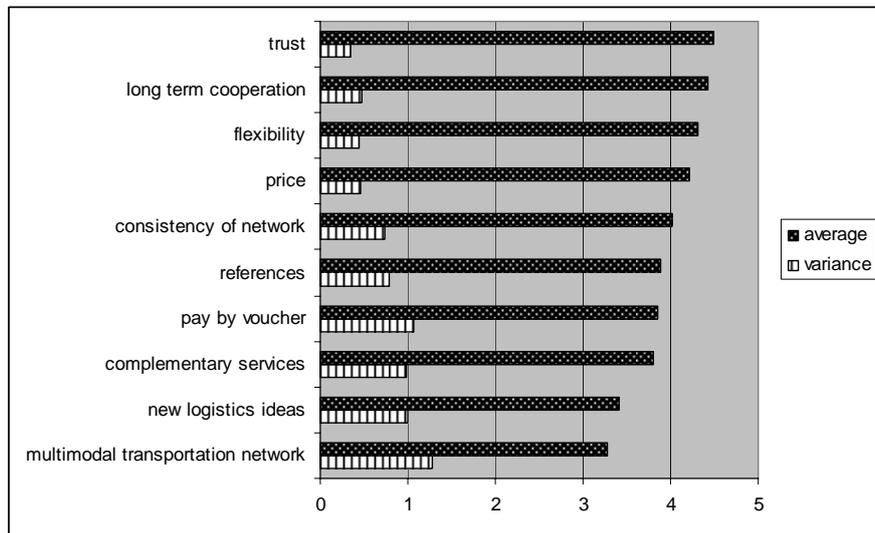


Figure 3

Level of Satisfaction with the present service providers

2.2 Satisfaction with Service Providers Contracted

In the survey there were some questions on the provider of logistic services. Each company filled this questionnaire could mention up to 5 providers and sort them according to the level of satisfaction. Not adequate, acceptable, good enough, perfect were the options could be chosen. Only one percent of companies are unsatisfied with its one or more providers. Five percent of them have some problems and think that the quality of services taken is poor but just acceptable. The others have good connections with their providers.

| Level of qualification | Number of qualification |
|------------------------|-------------------------|
| Not adequate | 5 |
| Acceptable | 20 |
| Good enough | 218 |
| Perfect | 124 |

Figure 4

Satisfaction with service providers

2.3 Road and Railway Connections

Considering the geographical positions of the companies it is very important because of transporting that how near there are connection points to motorways or railways. Railway means from this point of view that the company has its own ramp. Motorway means that the company able to reach motorway within 30 minutes on the open road without crossing any settlement.

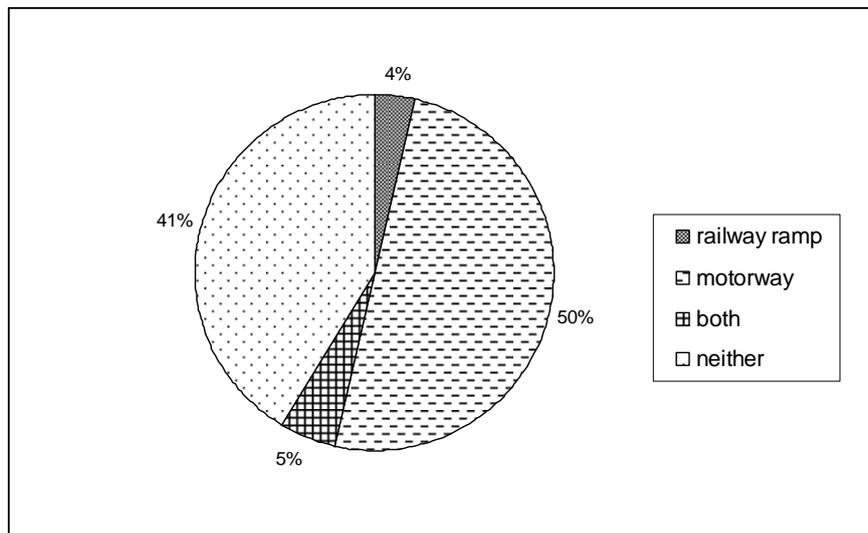


Figure 5
Transport connections

2.4 Extraordinary Demand

Among the questionnaires special demands are not marked 100 times from 188. The others indicated fragile, chilled or dangerous materials. There are sometimes together some of them. In this case we counted in each groups. Based on the frequency of marking the distribution is the following. Fragile goods was displayed 54 times, dangerous 42 times and chilled 14 times.

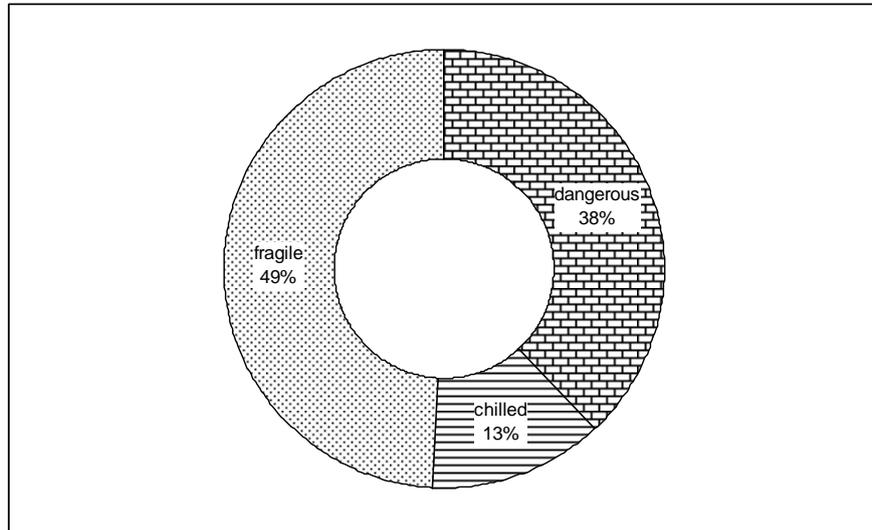


Figure 6
Special demands of goods

2.5 Frequency of Bidding a Contract

Although companies are satisfied with their providers still they do not bid contracts for long term. In this survey the reasons aren't searched but according to the talking with leaders of companies we can state that the price is key factor. The market on the side of suppliers is quite developed and competitive so that's why companies do not make contracts for long term. Regarding the long term prices we can set down that they depend on many items of contingent exposure (e.g. fuel prices, unutilized capacity, etc.).

We can not state that companies usually trust their service provider because 78 responses have arrived indicating that they bid a contract on logistic service only occasionally. It is not about trust but the competition on the market.

'Yearly' answer was marked 72 times, and the number of companies that make a contract for more years was 37.

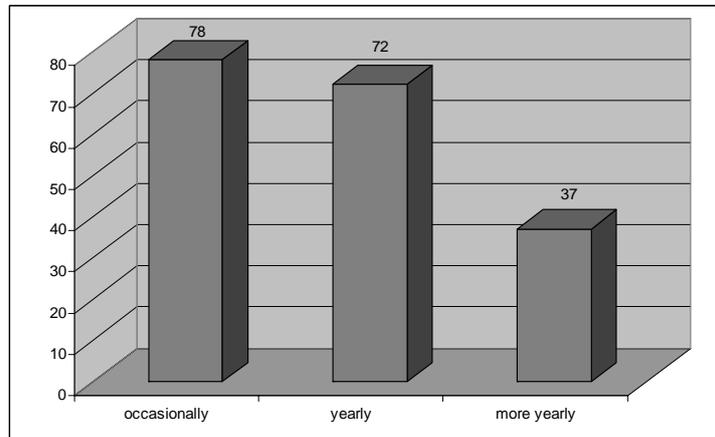


Figure 7
Frequency of bidding contracts

Conclusions

The present study has shown us some characteristics of both companies taking logistic services and providers.

- Trust, price and flexibility play an important role in the field on logistic services.
- The quality and price of service are the most important factors in success of companies providing logistic services. We can state, that companies usually do not trust their logistic providers because only low rate of contracts are made for long term because of the prices. Storage prices these days are decreasing because there are no goods anywhere thanks to the global crisis.
- Nearly the half of companies filled this questionnaire have some special requirements considering transporting their goods so the ideal supplier is specialized for these demands as well.

Reference

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